Quarterly Securities Report

for the Six-Month Period Ended September 30, 2016

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2016, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 11, 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 September 30, 2016 and 2015 and as of or for the year ended March 31, 2016

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2016	Six-month period ended September 30, 2015	Three-month period ended September 30, 2016	Three-month period ended September 30, 2015	As of or for the year ended March 31, 2016
Consolidated financial data					
Revenue	¥ 2,032,136	¥ 2,497,832	¥ 1,012,165	¥ 1,214,143	¥ 4,759,694
Gross profit	¥ 326,028	¥ 390,591	¥ 161,907	¥ 198,438	¥ 726,622
Profit (loss) for the period attributable to owners of the parent	¥ 121,977	¥ 130,641	¥ 60,832	¥ 33,704	¥ (83,410)
Comprehensive income for the period attributable to owners of the parent	¥ (129,277)	¥ (132,039)	¥ 55,070	¥ (324,184)	¥ (607,490)
Total equity attributable to owners of the parent	¥ -	¥ -	¥ 3,192,846	¥ 3,906,586	¥ 3,379,725
Total assets	¥ -	¥ -	¥ 10,481,179	¥ 11,698,198	¥ 10,910,511
Basic earnings per share attributable to owners of the parent (Yen)	¥ 68.05	¥ 72.88	¥ 33.94	¥ 18.80	¥ (46.53)
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 68.01	¥ 72.86	¥ 33.92	¥ 18.79	¥ (46.54)
Equity attributable to owners of the parent ratio	-	-	30.46%	33.39%	30.98%
Cash flows from operating activities	¥ 73,130	¥ 325,543	¥ -	¥ -	¥ 586,991
Cash flows from investing activities	¥ (190,669)	¥ (151,693)	¥ -	¥ -	¥ (408,059)
Cash flows from financing activities	¥ 193,024	¥ (97,094)	¥ -	¥ -	¥ (50,548)
Cash and cash equivalents at end of period	¥ -	¥ -	¥ 1,517,993	¥ 1,454,645	¥ 1,490,775

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

2. Revenue does not include consumption taxes.

2. Business Overview

We are a general trading company engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with our trading activities, organizing and coordinating international industrial projects by using the global office network and ability to gather information. Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron & steel, mineral & metal resources, machinery & infrastructure, chemicals, energy, lifestyle, innovation & corporate development. We also participate in the development of natural resources such as oil, gas, iron and steel raw materials. We have been proactively making strategic business investments in certain new industries such as IT, renewable energy and environmental solution businesses.

There has been no significant change in our business for the six-month period ended September 30, 2016.

Effective April 1, 2016, 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 six-month period ended September 30, 2016, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2016.

2. Material Contracts

For the three-month period ended September 30, 2016, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

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

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

Forward-looking statements were made as of September 30, 2016, unless otherwise indicated.

(1) <u>Operating Environment</u>

In the six-month period ended September 30, 2016, the global economy saw a temporary period of turmoil in the financial markets after the U.K. decided by public referendum to leave the EU, but the return to more settled market conditions afterward, as well as the signs of bottoming out in the international commodities market, led to solid growth overall.

Going forward, in the U.S., recovery can be expected after the economic slowdown in the first half of the year as energy related investments appear to have stopped declining now that crude oil prices are rising. Meanwhile, in Japan, the economy continues to be trending flatly due to the downward pressure of yen appreciation on exports and capital expenditure. In Europe, a slow pace of economic recovery can be expected because uncertainty persists regarding matters concerning the U.K.'s departure from the EU and the public referendum in Italy. Among emerging countries, China's pace of economic growth, although it is currently showing signs of recovery, is expected to decline gradually amid an environment of excess capacity and adjustments of debts. Russia and Brazil, on the other hand, are expected to realize economic recovery on the back of rising resource prices.

Overall, the global economy continues to be at a standstill due to long lasting slowdown in emerging economies and limited resilience in developed economies. In addition, there is a concern that any escalation of global political and geopolitical risk could hamper economic recovery.

(2) <u>Results of Operations</u>

1) Analysis of Consolidated Income Statements

Revenue

Mitsui & Co., Ltd. ("Mitsui") and its subsidiaries (collectively "we") recorded total revenue of ¥2,032.1 billion for the six-month period ended September 30, 2016 ("current period"), a decline of ¥465.7 billion from ¥2,497.8 billion for the corresponding six-month period of the previous year ("previous period"). Revenue from sales of products for the current period was ¥1,772.5 billion, a decline of ¥448.0 billion from ¥2,220.5 billion for the previous period, and revenue from rendering of services for the current period was ¥193.2 billion, a decline of ¥3.5 billion from ¥196.7 billion for the previous period. Furthermore, other revenue for the current period was ¥66.4 billion, a decline of ¥14.3 billion from ¥80.7 billion for the previous period.

Gross Profit

Gross profit for the current period was ¥326.0 billion, a decline of ¥64.6 billion from ¥390.6 billion for the previous period. Mainly the Energy Segment, the Americas Segment and the Machinery & Infrastructure Segment reported declines in gross profit.

Other Income (Expenses)

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the current period were ¥258.3 billion, a decline of ¥25.1 billion from ¥283.4 billion for the previous period.

Gain (Loss) on Securities and Other Investments—Net

Gain on securities and other investments for the current period was ¥18.4 billion, an increase of ¥2.3 billion from ¥16.1 billion for the previous period. For the current period, a gain on disposal of securities was recorded mainly in the Lifestyle Segment. For the previous period, a gain on valuation on securities was recorded mainly in the Innovation & Corporate Development Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

Impairment loss of fixed assets for the current period was ¥0.3 billion, a deterioration of ¥5.1 billion from ¥4.8 billion of gain for the previous period. There were miscellaneous small items for the current period. For the previous period, a reversal of impairment was recorded in the Machinery & Infrastructure Segment, while a loss on fixed assets as a result of changes in estimation of asset retirement costs was recorded in the Energy Segment.

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

Gain on disposal or sales of fixed assets for the current period was ¥0.7 billion, a decline of ¥10.8 billion from ¥11.5 billion of gain for the previous period. There were miscellaneous small transactions for the current period. For the previous period, a gain on disposal of fixed assets was recorded mainly in the Lifestyle Segment.

Other Income (Expense)—Net

Other expense for the current period was ¥6.2 billion, a decline of ¥13.0 billion from ¥19.2 billion for the previous period. For the previous period, an impairment loss on goodwill was recorded in the Lifestyle Segment. For the current period, the Innovation & Corporate Development Segment recorded a deterioration of foreign exchange gains (losses) in the commodity derivatives trading business, which corresponded to related gross profit in the same segment.

Finance Income (Costs)

Interest Income

Interest income for the current period was ¥14.7 billion, a decline of ¥1.2 billion from ¥15.9 billion for the previous period.

Dividend Income

Dividend income for the current period was ¥18.2 billion, a decline of ¥7.8 billion from ¥26.0 billion for the previous period.

Interest Expense

Interest expense for the current period was ¥26.0 billion, an increase of ¥0.4 billion from ¥25.6 billion for the previous period.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Share of profit of investments accounted for using the equity method for the current period was ¥98.8 billion, an increase of ¥10.5 billion from ¥88.3 billion for the previous period. Mainly the Machinery & Infrastructure Segment and the Mineral & Metal Resources Segment recorded an increase, while the Energy Segment recorded a decline.

Income Taxes

Income taxes for the current period were ¥57.0 billion, a decline of ¥22.3 billion from ¥79.3 billion for the previous period. Profit before income taxes for the current period was ¥186.0 billion, a decline of ¥39.0 billion from ¥225.0 billion for the previous period. In response, applicable income taxes also declined. Furthermore, tax effects on an equity accounted investee were reversed, and subsidiaries, whose functional currency and currency used to calculate tax profit differ, recorded a decline in tax burden on deductible temporary difference arising from appreciation of currency used to calculate tax profit against functional currency.

The effective tax rate for the current period was 30.7%, a decline of 4.5% from 35.2% for the previous period. The major factor for the decline was the aforementioned reversal of tax effects and effects on appreciation of currency used to calculate tax profit as well as disposal of securities with lower tax rates.

Profit for the Period

As a result of the above factors, profit for the period was ¥129.0 billion, a decline of ¥16.8 billion from ¥145.8 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 ¥122.0 billion, a decline of ¥8.6 billion from ¥130.6 billion for the previous period.

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 (loss) 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) (*)		283.0	347.4	(64.4)
Gross profit	a	326.0	390.6	(64.6)
Selling, general and administrative expenses	b	(258.3)	(283.4)	+ 25.1
Dividend income	c	18.2	26.0	(7.8)
Profit (loss) of equity method investments	d	98.8	88.3	+10.5
Depreciation and amortization	e	98.3	125.9	(27.6)

* May not match with the total of items due to rounding off. The same shall apply hereafter.

3) Operating Results by Operating Segment

Part of the food business and food & retail management business included in the Lifestyle Segment was transferred to the Chemicals Segment, and part of the Americas Segment was transferred to the Lifestyle Segment, effective April 1, 2016. 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	3.3	5.6	(2.3)
Gross profit	14.4	16.5	(2.1)
Selling, general and administrative expenses	(14.4)	(15.4)	+1.0
Dividend income	1.0	1.3	(0.3)
Profit (loss) of equity method investments	1.7	2.7	(1.0)
Depreciation and amortization	0.5	0.5	0.0
Profit for the period attributable to owners of the parent	2.0	2.5	(0.5)

EBITDA declined by ¥2.3 billion, mainly due to the following factors:

- Gross profit declined by ¥2.1 billion.
- Profit (loss) of equity method investments declined by ¥1.0 billion.

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

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	68.2	67.2	+1.0
Gross profit	58.5	57.1	+1.4
Selling, general and administrative expenses	(16.3)	(18.7)	+2.4
Dividend income	0.4	0.8	(0.4)
Profit (loss) of equity method investments	9.4	4.5	+4.9
Depreciation and amortization	16.3	23.4	(7.1)
Profit for the period attributable to owners of the parent	51.3	31.3	+20.0

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

- Gross profit increased by ¥1.4 billion.
  - ➢ Mitsui Coal Holdings Pty. Ltd. reported an increase of ¥6.4 billion reflecting cost reduction.
  - ➢ Iron ore mining operations in Australia reported a decrease of ¥2.6 billion due to exchange rate fluctuations.
- Profit (loss) of equity method investments increased by ¥4.9 billion.
  - ➢ Valepar S.A. reported an increase of ¥10.0 billion due to reversal effect of foreign exchange valuation loss for the previous period and profit from foreign exchange valuation for the current period which was partially offset by reversal effect of recognition of a deferred tax asset reflecting the tax system revision in Brazil for the previous period.
  - ➢ SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported a decline of ¥3.9 billion due to copper prices lower than the production cost.

- Depreciation and amortization declined by ¥7.1 billion.
  - Mitsui Coal Holdings Pty. Ltd. reported a decline of ¥5.7 billion mainly due to a decline in deprecation from the impairment in the previous year.
- Profit for the period attributable to owners of the parent increased by ¥20.0 billion. In addition to the above, the following factor also affected results:
  - For the current period, a decline of tax burden of ¥13.9 billion was recorded as a result of a tax effect on the decision to liquidate Mitsui Raw Material Development Pty. Limited, an investment company for oversea scrap businesses. Such tax effect was reversed in Adjustments and Eliminations Segment, resulting in no impact on our profits.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	43.7	31.6	12.1
Gross profit	51.5	64.5	(13.0)
Selling, general and administrative expenses	(55.6)	(63.9)	+8.3
Dividend income	1.5	2.1	(0.6)
Profit (loss) of equity method investments	37.6	19.7	+17.9
Depreciation and amortization	8.7	9.0	(0.3)
Profit for the period attributable to owners of the parent	34.2	18.8	+15.4

EBITDA increased by ¥12.1 billion, mainly due to the following factors:

- Gross profit declined by ¥13.0 billion.
  - The Infrastructure Projects Business Unit reported a decline of ¥2.8 billion.
  - The Integrated Transportation Systems Business Unit reported a decline of ¥10.2 billion.
    - Reclassification of a mining machinery sales and service subsidiary based in Mexico to an equity accounted investee resulted in a decline of ¥3.6 billion.
- Selling, general and administrative expenses declined by ¥8.3 billion.
- Profit (loss) of equity method investments increased by ¥17.9 billion.
  - The Infrastructure Projects Business Unit reported an increase of ¥15.6 billion.
    - IPP businesses posted a profit of ¥11.9 billion in total, an improvement of ¥18.9 billion from a loss of ¥7.0 billion for the previous period.
      - For the previous period, a one-time negative impact was recorded due to lower electricity prices and obsolete power plants.
      - For the current period, a decline of tax burden was recorded due to the Indonesian tax reform.
      - Mark-to-market valuation losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, deteriorated by ¥1.4 billion to ¥1.9 billion from ¥0.5 billion for the previous period.
    - The gas distribution business in Brazil recorded an increase of ¥3.1 billion mainly due to the increased interests.
    - The LNG receiving terminal project in Mexico recorded a decline of ¥4.7 billion mainly due to a change

in lease accounting treatment for the previous period.

- ➢ The Integrated Transportation Systems Business Unit reported an increase of ¥2.2 billion.

Profit for the period attributable to owners of the parent increased by ¥15.4 billion. In addition to the above, the following factor also affected results:

- For the previous 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	16.1	14.6	+1.5
Gross profit	38.2	40.5	(2.3)
Selling, general and administrative expenses	(30.9)	(36.3)	+5.4
Dividend income	0.8	0.8	0.0
Profit (loss) of equity method investments	2.4	4.3	(1.9)
Depreciation and amortization	5.5	5.3	+0.2
Profit for the period attributable to owners of the parent	7.2	5.3	+1.9

EBITDA increased by ¥1.5 billion, mainly due to the following factors:

- Gross profit declined by ¥2.3 billion.
  - ➢ The Basic Materials Business Unit reported a decline of ¥0.8 billion.
  - ➢ The Performance Materials Business Unit reported a decline of ¥0.9 billion.
  - ➢ The Nutrition & Agriculture Business Unit reported a decline of ¥0.6 billion.
- Selling, general and administrative expenses declined by ¥5.4 billion.
- Profit (loss) of equity method investments declined by ¥1.9 billion.

Profit for the period attributable to owners of the parent increased by ¥1.9 billion.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	69.0	140.4	(71.4)
Gross profit	31.1	69.9	(38.8)
Selling, general and administrative expenses	(24.2)	(25.5)	+1.3
Dividend income	7.3	12.5	(5.2)
Profit (loss) of equity method investments	5.0	15.0	(10.0)
Depreciation and amortization	49.8	68.6	(18.8)
Profit for the period attributable to owners of the parent	0.9	26.2	(25.3)

EBITDA declined by ¥71.4 billion, mainly due to the following factors:

- Gross profit declined by ¥38.8 billion.
  - ➢ Mitsui Oil Exploration Co., Ltd. reported a decline of ¥21.6 billion from lower crude oil and gas prices and the negative impact of exchange rate fluctuations.
  - ➢ Mitsui E&P Middle East B.V. reported a decline of ¥8.2 billion mainly due to the decreased working interests.

- MEP Texas Holdings LLC reported a decline of ¥3.9 billion from lower crude oil prices which was partially offset by a decline of depreciation due to the impairment in the previous year.
- Mitsui E&P Australia Pty Limited reported decline of ¥3.0 billion from lower crude oil prices.

- Dividend income declined by ¥5.2 billion.
  - Dividends from six LNG projects (Qatargas 1, Abu Dhabi, Oman, Equatorial Guinea, Qatargas 3 and Sakhalin II) were ¥6.1 billion in total, a decline of ¥5.0 billion from ¥11.1 billion for the previous period.
- Profit (loss) of equity method investments declined by ¥10.0 billion.
  - Japan Australia LNG (MIMI) Pty. Ltd. reported a decline due mainly to lower crude oil prices.
- Depreciation and amortization declined by ¥18.8 billion.
  - In spite of increased capital expenditure at Mitsui Oil Exploration, oil and gas producing operations recorded a decline of ¥18.8 billion, including a decline at Mitsui E&P Middle East B.V. and shale projects in the U.S.

Profit for the period attributable to owners of the parent declined by ¥25.3 billion. In addition to the above, the following factors also affected results:

- For the previous 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 the estimation of asset retirement costs at oil and gas fields in the North Sea.
- For the current period, exploration expenses of ¥5.1 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd. For the previous period, exploration expenses of ¥7.6 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Limited.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	17.4	5.0	+12.4
Gross profit	63.4	55.4	+8.0
Selling, general and administrative expenses	(68.3)	(69.6)	+1.3
Dividend income	2.9	2.4	+0.5
Profit (loss) of equity method investments	12.4	10.6	+1.8
Depreciation and amortization	7.0	6.2	+0.8
Profit (loss) for the period attributable to owners of the parent	20.6	(4.4)	+25.0

EBITDA increased by ¥12.4 billion, mainly due to the following factors:

- Gross profit increased by ¥8.0 billion.
  - The Food Business Unit reported an increase of ¥2.1 billion.
  - The Food & Retail Management Business Unit reported an increase of ¥0.4 billion.
  - The Healthcare & Service Business Unit reported an increase of ¥0.5 billion.
  - The Consumer Business Unit reported an increase of ¥5.1 billion.
- Profit (loss) of equity method investments increased by ¥1.8 billion.

Profit (loss) for the period attributable to owners of the parent increased by ¥25.0 billion. In addition to the above, the following factors also affected results:

- For the current period, a ¥14.6 billion gain on sale of shares was recorded due to the partial sale of shares in IHH

Healthcare Berhad.

- For the previous period, a ¥6.3 billion impairment loss on goodwill was recorded at Multigrain Trading AG.

For the previous 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.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	10.1	7.2	+2.9
Gross profit	27.0	24.7	+2.3
Selling, general and administrative expenses	(26.4)	(30.1)	+3.7
Dividend income	2.7	4.5	(1.8)
Profit (loss) of equity method investments	4.6	5.4	(0.8)
Depreciation and amortization	2.2	2.8	(0.6)
Profit for the period attributable to owners of the parent	6.9	13.0	(6.1)

EBITDA increased by ¥2.9 billion, mainly due to the following factors:

- Gross profit increased by ¥2.3 billion.
  - The IT & Communication Business Unit reported an increase of ¥0.3 billion.
  - The Corporate Development Business Unit reported an increase of ¥2.0 billion.
    - There was an increase in gross profit corresponding to a ¥4.1 billion deterioration of foreign exchange gains and losses related to the commodity derivatives trading business at Mitsui posted in other expense for the current period and for the previous period.
- Selling, general and administrative expenses declined by ¥3.7 billion.
- Profit (loss) of equity method investments declined by ¥0.8 billion.

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

- For the previous period, a ¥9.9 billion gain due to the valuation of fair value on shares in Hutchison China MediTech was recorded.
- For the current period and for the previous period, foreign exchange losses of ¥4.6 billion and losses of ¥0.5 billion, respectively, were posted in other expense in relation to the commodity derivatives trading business.

Americas Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	25.8	39.8	(14.0)
Gross profit	40.7	62.8	(22.1)
Selling, general and administrative expenses	(23.5)	(31.6)	+8.1
Dividend income	0.0	0.0	0.0
Profit (loss) of equity method investments	4.9	4.2	+0.7
Depreciation and amortization	3.5	4.4	(0.9)
Profit for the period attributable to owners of the parent	11.6	16.9	(5.3)

EBITDA declined by ¥14.0 billion, mainly due to the following factors:

- Gross profit declined by ¥22.1 billion.
  - Novus International, Inc. reported a decline of ¥16.0 billion mainly due to a decline of methionine prices.
- Selling, general and administrative expenses declined by ¥8.1 billion.
- Profit (loss) of equity method investments increased by ¥0.7 billion.

Profit for the period attributable to owners of the parent declined by ¥5.3 billion.

Europe, the Middle East and Africa Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	2.8	3.9	(1.1)
Gross profit	10.2	10.9	(0.7)
Selling, general and administrative expenses	(9.7)	(9.9)	+0.2
Dividend income	0.1	0.1	0.0
Profit (loss) of equity method investments	1.9	2.5	(0.6)
Depreciation and amortization	0.3	0.2	+0.1
Profit for the period attributable to owners of the parent	1.6	2.9	(1.3)

EBITDA declined by ¥1.1 billion, mainly due to the following factors:

- Gross profit declined by ¥0.7 billion.
- Profit (loss) of equity method investments declined by ¥0.6 billion.

Profit for the period attributable to owners of the parent declined by ¥1.3 billion.

Asia Pacific Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	22.5	22.6	(0.1)
Gross profit	11.1	12.0	(0.9)
Selling, general and administrative expenses	(9.2)	(10.3)	+1.1
Dividend income	0.6	0.7	(0.1)
Profit (loss) of equity method investments	19.1	19.5	(0.4)
Depreciation and amortization	0.9	0.7	+0.2
Profit for the period attributable to owners of the parent	13.4	12.7	+0.7

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

- Gross profit declined by ¥0.9 billion.
- Profit (loss) of equity method investments declined by ¥0.4 billion.

Profit for the period attributable to owners of the parent increased by ¥0.7 billion.

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

1) Financial Condition

Total assets as of September 30, 2016 was ¥10,481.2 billion, a decline of ¥429.3 billion from ¥10,910.5 billion as of March 31, 2016.

Total current assets as of September 30, 2016 was ¥4,310.3 billion, an increase of ¥23.6 billion from ¥4,286.7 billion as of March 31, 2016. Other financial assets increased by ¥131.8 billion, mainly due to the increase in time deposit by ¥145.8 billion. Meanwhile, trade and other receivables declined by ¥119.1 billion, mainly due to the decline in trading volume in the Chemicals, Americas, and Machinery & Infrastructure Segments.

Total current liabilities as of September 30, 2016 was ¥2,254.6 billion, a decline of ¥308.2 billion from ¥2,562.8 billion as of March 31, 2016. Trade and other payables declined by ¥105.3 billion, corresponding to the decline in trade and other receivables. Furthermore, short-term debt and current portion of long-term debt declined by ¥113.4 billion and ¥38.8 billion, respectively, due to repayment.

As a result, working capital, or current assets less current liabilities, as of September 30, 2016, totaled ¥2,055.7 billion, an increase of ¥331.8 billion from ¥1,723.9 billion as of March 31, 2016.

Total non-current assets as of September 30, 2016 amounted to ¥6,170.9 billion, a decline of ¥452.9 billion from ¥6,623.8 billion as of March 31, 2016, mainly due to the following factors:

- Investments accounted for using the equity method as of September 30, 2016 was ¥2,319.5 billion, a decline of ¥195.8 billion from ¥2,515.3 billion as of March 31, 2016, mainly due to the following factors:
  - A decline of ¥226.5 billion resulting from foreign currency exchange fluctuations; and
  - A decline of ¥60.7 billion due to dividends received from equity accounted investees, despite an increase of ¥98.8 billion corresponding to the profit of equity method investments for the current period.
- Other investments as of September 30, 2016 were ¥1,127.2 billion, a decline of ¥52.5 billion from ¥1,179.7 billion as of March 31, 2016, due to a decline of 36.8 billion resulting from foreign currency exchange fluctuations.

- Property, plant and equipment as of September 30, 2016 totaled ¥1,721.8 billion, a decline of ¥216.6 billion from ¥1,938.4 billion as of March 31, 2016, mainly due to the following factors:
  - A decline of ¥49.0 billion (including a foreign exchange translation loss of ¥39.2 billion) at iron ore mining operations in Australia;
  - A decline of ¥43.6 billion (including a foreign exchange translation loss of ¥31.8 billion) at oil and gas operations other than U.S. shale gas and oil producing operations; and
  - A decline of ¥29.3 billion (including a foreign exchange translation loss of ¥19.7 billion) at U.S. shale gas and oil projects.
- Investment property as of September 30, 2016 totaled ¥182.3 billion, an increase of ¥34.5 billion from ¥147.8 billion as of March 31, 2016, due to an increase of ¥34.1 billion for the integrated development project in 2, Ohtemachi 1-Chome District.

Total non-current liabilities as of September 30, 2016 amounted to ¥4,791.3 billion, an increase of ¥110.1 billion from ¥4,681.2 billion as of March 31, 2016. Long-term debt, less current portion increased by ¥165.0 billion, mainly due to procurement of ¥555.0 billion in subordinated syndicated loans, despite a decline due to foreign currency exchange fluctuations and repayment of debt.

Total equity attributable to owners of the parent as of September 30, 2016 was ¥3,192.8 billion, a decline of ¥186.9 billion from ¥3,379.7 billion as of March 31, 2016.

- Retained earnings increased by ¥70.4 billion.
- Other components of equity as of September 30, 2016 declined by ¥254.5 billion. Foreign currency translation adjustments declined by ¥242.6 billion mainly reflecting the appreciation of the Japanese yen against the Australian dollar and the U.S. dollar.

Net interest-bearing debt or interest-bearing debt less cash and cash equivalents and time deposits as of September 30, 2016 was ¥3,055.0 billion, a decline of ¥160.0 billion from ¥3,215.0 billion as of March 31, 2016. The net debt-to-equity ratio (DER) as of September 30, 2016 was 0.96 times, 0.01 points higher compared to 0.95 times as of March 31, 2016.

(*) 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

2) Cash Flows

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	73.1	325.5	(252.4)
Cash flows from change in working capital	b	(108.2)	56.9	(165.1)
Core operating cash flow	a-b	181.3	268.6	(87.3)

Net cash provided by operating activities for the current period was ¥73.1 billion, a decline of ¥252.4 billion from ¥325.5 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 ¥108.2 billion of net cash outflow mainly due to the effects of other-net and change in inventories, a deterioration of ¥165.1 billion from ¥56.9 billion of net cash inflow 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 ¥181.3 billion, a decline of ¥87.3 billion from ¥268.6 billion for the previous period.

- Depreciation and amortization for the current period was ¥98.3 billion, a decline of ¥27.6 billion from ¥125.9 billion for the previous period.
- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥78.6 billion, a decline of ¥33.8 billion from ¥112.4 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	2.2	2.4	(0.2)
Mineral & Metal Resources	67.2	71.6	(4.4)
Machinery & Infrastructure	30.0	34.5	(4.5)
Chemicals	11.3	10.0	+1.3
Energy	55.7	111.5	(55.8)
Lifestyle	4.1	(0.3)	+4.4
Innovation & Corporate Development	2.5	3.0	(0.5)
Americas	18.1	26.4	(8.3)
Europe, the Middle East and Africa	0.7	1.6	(0.9)
Asia Pacific	1.5	3.7	(2.2)
All Other and Adjustments and Eliminations	(12.0)	4.2	(16.2)
Consolidated Total	181.3	268.6	(87.3)

Cash Flows from Investing Activities

Net cash used in investing activities for the current period was ¥190.7 billion, an increase of ¥39.0 billion from ¥151.7 billion for the previous period. The net cash used in investing activities consisted of:

- Net cash outflows that corresponded to change in time deposit were ¥147.1 billion.
- Net cash inflows corresponded to investments in and advances to equity accounted investees (net of sales of

investment and collection of advances) were ¥37.0 billion, mainly due to the following factors:

  - A partial sale of MBK Healthcare Partners's shares in IHH Healthcare Berhad for ¥24.9 billion;
  - A sale of a stake in relation to chemicals business in Brazil for ¥24.0 billion; and
  - A sale of a stake in Galaxy NewSpring Pte. Ltd., which operates water infrastructure business in China, for ¥10.2 billion.

- Net cash inflows corresponded to other investments (net of sales and maturities of other investments) were ¥8.0 billion, mainly due to a sale of shares in Recruit Holdings Co., Ltd. for ¥11.0 billion.
- Net cash outflows that corresponded to purchases of property, plant, equipment and investment property (net of sales of those assets) were ¥96.0 billion. Major expenditures included:
  - Oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥30.7 billion; and
  - Integrated development project in 2, Ohtemachi 1-Chome District for ¥22.8 billion.

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the current period was a net outflow of ¥117.6 billion.

Cash Flows from Financing Activities

For the current period, net cash provided by financing activities was ¥193.0 billion, an increase of ¥290.1 billion from ¥97.1 billion of net cash used for the previous period. The cash inflow from the borrowing of long-term debt was ¥374.8 billion, mainly due to procurement of ¥555.0 billion in subordinated syndicated loans. Meanwhile, the cash outflow from payments of cash dividends was ¥57.4 billion and the cash outflow from short-term debt was ¥92.6 billion.

In addition to the changes discussed above, there was a decline in cash and cash equivalents of ¥48.3 billion due to foreign exchange translation. Cash and cash equivalents as of September 30, 2016 totaled ¥1,518.0 billion, an increase of ¥27.2 billion from ¥1,490.8 billion as of March 31, 2016.

(4) Management Issues

1) Result and Forecast for Investment and Loan Plan

We implemented investments and loans of approximately ¥125.0 billion to existing businesses and projects in the pipeline (*). In addition, we made new investments and loans of approximately ¥40.0 billion for further growth. The resulting sum of investments and loans for the current period was approximately ¥165.0 billion. On the other hand, we collected approximately ¥120.0 billion through disposal of assets and investments.

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

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

2) Forecasts for the Year Ending March 31, 2017

＜Assumption＞	1st Half (Actual)	2nd Half (Forecast)	Revised Forecast	Original Forecast
Exchange rate (JPY/USD)	105.72	100	102.86	110
Crude oil (JCC)	$44/bbl	$49/bbl	$46/bbl	$49/bbl
Consolidated oil price	$41/bbl	$47/bbl	$44/bbl	$45/bbl

(Billions of yen)

	Revised Forecast	Original Forecast	Change	Description
Gross profit	650.0	640.0	10.0	Decline in costs, FX fluctuation
Selling, general and administrative expenses	-540.0	-550.0	10.0	Cost reduction
Gain on investments, fixed assets and other	50.0	50.0	0.0	
Interest expenses	-30.0	-30.0	0.0	
Dividend income	50.0	50.0	0.0	
Profit (loss) of equity method investments	170.0	170.0	0.0	
Profit before income taxes	350.0	330.0	20.0	
Income taxes	-120.0	-120.0	0.0	
Non-controlling Interests	-10.0	-10.0	0.0	
Profit for the year attributable to owners of the parent	220.0	200.0	20.0	

Depreciation and amortization	210.0	230.0	-20.0	Change in depreciation, FX fluctuation
EBITDA	540.0	540.0	0.0	

Core operating cash flow	360.0	360.0	0.0	

We assume foreign exchange rates for the six-month period ending March 31, 2017 (2nd half) will be ¥100/US$, ¥77/AU$ and ¥30/BRL, while average foreign exchange rates for the six-month period ended September 30, 2016 (1st half) were ¥105.72/US$, ¥79.10/AU$ and ¥31.55/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2017 will be US$44/barrel, down US$1 from the original assumption, based on the assumption that the crude oil price (JCC) will average US$49/barrel throughout the six-month period ending March 31, 2017.

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

(Billions of Yen)	Year ending March 31, 2017 Revised Forecast	Year ending March 31, 2017 Original Forecast	Change	Description
Iron & Steel Products	5.0	5.0	0.0	
Mineral & Metal Resources	75.0	45.0	+30.0	Higher coal price, tax effect on liquidation of subsidiary
Machinery & Infrastructure	55.0	60.0	(5.0)	Loss at IPP business
Chemicals	15.0	15.0	0.0	
Energy	15.0	0.0	+15.0	Decline in costs, higher production
Lifestyle	25.0	15.0	+10.0	Increase in gain on sale of IHH shares
Innovation & Corporate Development	10.0	10.0	0.0	
Americas	20.0	25.0	(5.0)	Decline in Novus profit
Europe, the Middle East and Africa	5.0	5.0	0.0	
Asia Pacific	30.0	20.0	+10.0	Higher coal price
All Other and Adjustments and Eliminations	(35.0)	0.0	(35.0)	Adjustment of tax effect at the Mineral & Metal Resources and Lifestyle, etc.
Consolidated Total	220.0	200.0	+20.0	

3) Key commodity prices and other parameters for the year ending March 31, 2017

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2017. 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, 2017 (Announced in May 2016)			Original Forecast (Announced in May 2016)	March 2017		Revised Forecast (Announced in November 2016)
				1st Half (Result)	2nd Half (Assumption)	
Commodity	Crude Oil/JCC	¥2.9 bn (US$1/bbl)	49	44	49	46
	Consolidated Oil Price(*1)		45	41	47	44
	U.S. Natural Gas(*2)	¥0.8 bn (US$0.1/mmBtu)	2.40	2.12(*3)	2.86(*4)	2.49
	Iron Ore	¥3.2 bn (US$1/ton)	(*5)	57(*6)	(*5)	(*5)
	Copper	¥1.0 bn (US$100/ton)	5,500	4,700(*7)	4,700	4,700
Forex (*8)	USD	¥1.4 bn (¥1/USD)	110	105.72	100	102.86
	AUD	¥0.8 bn (¥1/AUD)	85	79.10	77	78.05
	BRL	¥0.3 bn (¥1/BRL)	30	31.55	30	30.78

(*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, 2017, 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, 31%; 1-3 month time lag, 35%; no time lag, 34%.

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

(*3) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2016 - June 2016.
(*4) For natural gas sold in the US on HH linked prices, the assumed price used is US$2.49/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 2016 to September 2016
(*7) Average of LME cash settlement price during January 2016 to June 2016
(*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.

4) 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.

For six-month period ended September 30, 2016, we have decided to pay an interim dividend of ¥25 per share, a ¥7 decrease from the corresponding six-month period of the previous year. For the year ending March 31, 2017, we currently envisage an annual dividend of ¥50 per share (including the interim dividend of ¥25 per share), a ¥14 decrease from the year ended March 31, 2016, taking into consideration of profit for the year attributable to owners of the parent and EBITDA as well as stability and continuity of the amount of dividend, on the assumption that core operating cash flow will be ¥360 billion, as mentioned in our forecast for the year ending March 31, 2017.

(5) Research & Development

Research and development ("R&D") expenses were insignificant for the six-month period ended September 30, 2016.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position

Mitsui & Co., Ltd. and subsidiaries
September 30, 2016 and March 31, 2016

	Millions of Yen	
	September 30, 2016	**March 31, 2016**
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 1,517,993	¥ 1,490,775
Trade and other receivables	1,488,802	1,607,885
Other financial assets (Note 12)	426,902	295,064
Inventories (Note 12)	538,829	533,697
Advance payments to suppliers	205,559	220,711
Other current assets	132,214	138,563
Total current assets	4,310,299	4,286,695
Non-current Assets:		
Investments accounted for using the equity method	2,319,474	2,515,340
Other investments (Note 12)	1,127,189	1,179,696
Trade and other receivables(Note 12)	340,590	382,176
Other financial assets (Note 12)	190,766	159,384
Property, plant and equipment (Note 5)	1,721,763	1,938,448
Investment property (Note 5)	182,272	147,756
Intangible assets (Notes 6)	143,692	157,450
Deferred tax assets	93,669	92,231
Other non-current assets	51,465	51,335
Total non-current assets	6,170,880	6,623,816
Total assets	¥10,481,179	¥10,910,511

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
September 30, 2016 and March 31, 2016

	Millions of Yen	
	September 30, 2016	March 31, 2016
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 239,828	¥ 353,203
Current portion of long-term debt (Note 7)	480,426	519,161
Trade and other payables	1,001,946	1,107,238
Other financial liabilities (Notes 11 and 12)	270,444	298,329
Income tax payables	30,881	22,309
Advances from customers	181,145	207,419
Provisions	15,371	14,959
Other current liabilities	34,551	40,161
Total current liabilities	2,254,592	2,562,779
Non-current Liabilities:		
Long-term debt, less current portion (Notes 7 and 12)	4,003,236	3,838,156
Other financial liabilities (Notes 11 and 12)	114,151	109,520
Retirement benefit liabilities	77,419	78,176
Provisions	197,805	219,330
Deferred tax liabilities	372,890	409,695
Other non-current liabilities	25,769	26,319
Total non-current liabilities	4,791,270	4,681,196
Total liabilities	7,045,862	7,243,975
Equity:		
Common stock	341,482	341,482
Capital surplus	409,226	412,064
Retained earnings	2,384,554	2,314,185
Other components of equity (Note 8)	63,549	317,955
Treasury stock	(5,965)	(5,961)
Total equity attributable to owners of the parent	3,192,846	3,379,725
Non-controlling interests	242,471	286,811
Total equity	3,435,317	3,666,536
Total liabilities and equity	¥10,481,179	¥10,910,511

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2016 and 2015

	Millions of Yen	
	Six-month Period Ended September 30, 2016	Six-month Period Ended September 30, 2015
Revenue (Note 4):		
Sale of products	¥ 1,772,547	¥ 2,220,451
Rendering of services	193,208	196,715
Other revenue	66,381	80,666
Total revenue	2,032,136	2,497,832
Cost:		
Cost of products sold	(1,595,802)	(1,996,097)
Cost of services rendered	(81,768)	(79,014)
Cost of other revenue	(28,538)	(32,130)
Total cost	(1,706,108)	(2,107,241)
Gross Profit	326,028	390,591
Other Income (Expenses):		
Selling, general and administrative expenses	(258,333)	(283,371)
Gain (loss) on securities and other investments—net (Note 12)	18,416	16,070
Impairment reversal (loss) of fixed assets—net (Note 6)	(300)	4,808
Gain (loss) on disposal or sales of fixed assets—net	691	11,517
Other income (expense)—net	(6,205)	(19,185)
Total other income (expenses)	(245,731)	(270,161)
Finance Income (Costs):		
Interest income	14,736	15,945
Dividend income	18,221	25,977
Interest expense	(26,045)	(25,597)
Total finance income (costs)	6,912	16,325
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	98,813	88,275
Profit before Income Taxes	186,022	225,030
Income Taxes	(57,036)	(79,275)
Profit for the Period	¥ 128,986	¥ 145,755
Profit for the Period Attributable to:		
Owners of the parent	¥ 121,977	¥ 130,641
Non-controlling interests	7,009	15,114

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 10):		
Basic	¥ 68.05	¥ 72.88
Diluted	¥ 68.01	¥ 72.86

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2016 and 2015

	Millions of Yen	
	Six-month Period Ended September 30, 2016	Six-month Period Ended September 30, 2015
Comprehensive Income:		
Profit for the period	¥ 128,986	¥ 145,755
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	14,257	(117,234)
Remeasurements of defined benefit pension plans	(4,650)	1,479
Share of other comprehensive income of investments accounted for using the equity method	(790)	(3,289)
Income tax relating to items not reclassified	(893)	29,759
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(56,530)	(66,031)
Cash flow hedges	(2,222)	3,818
Share of other comprehensive income of investments accounted for using the equity method	(247,367)	(147,140)
Income tax relating to items that may be reclassified	31,431	26,734
Total other comprehensive income	(266,764)	(271,904)
Comprehensive Income for the Period	¥ (137,778)	¥ (126,149)
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ (129,277)	¥ (132,039)
Non-controlling interests	(8,501)	5,890

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended September 30, 2016 and 2015

	Millions of Yen	
	Three-month Period Ended September 30, 2016	Three-month Period Ended September 30, 2015
Revenue (Note 4):		
Sale of products	¥ 879,136	¥ 1,071,710
Rendering of services	101,564	99,841
Other revenue	31,465	42,592
Total revenue	1,012,165	1,214,143
Cost:		
Cost of products sold	(793,089)	(959,234)
Cost of services rendered	(43,499)	(40,342)
Cost of other revenue	(13,670)	(16,129)
Total cost	(850,258)	(1,015,705)
Gross Profit	161,907	198,438
Other Income (Expenses):		
Selling, general and administrative expenses	(127,824)	(143,521)
Gain (loss) on securities and other investments—net (Note 12)	15,516	(1,404)
Impairment reversal (loss) of fixed assets—net (Note 6)	(226)	5,237
Gain (loss) on disposal or sales of fixed assets—net	571	(1,422)
Other income (expense)—net	2,136	(17,642)
Total other income (expenses)	(109,827)	(158,752)
Finance Income (Costs):		
Interest income	7,114	7,537
Dividend income	6,346	9,813
Interest expense	(13,319)	(13,171)
Total finance income (costs)	141	4,179
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4)	48,087	28,400
Profit before Income Taxes	100,308	72,265
Income Taxes	(35,625)	(31,312)
Profit for the Period	¥ 64,683	¥ 40,953
Profit for the Period Attributable to:		
Owners of the parent	¥ 60,832	¥ 33,704
Non-controlling interests	3,851	7,249
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 10):		
Basic	¥ 33.94	¥ 18.80
Diluted	¥ 33.92	¥ 18.79

See Notes to Condensed Consolidated Financial Statements

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

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended September 30, 2016 and 2015

	Millions of Yen	
	Three-month Period Ended September 30, 2016	Three-month Period Ended September 30, 2015
Comprehensive Income:		
Profit for the period	¥ 64,683	¥ 40,953
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	59,961	(146,317)
Remeasurements of defined benefit pension plans	(3,773)	217
Share of other comprehensive income of investments accounted for using the equity method	1,470	(1,307)
Income tax relating to items not reclassified	(14,783)	38,985
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	4,315	(75,229)
Cash flow hedges	2,999	(1,468)
Share of other comprehensive income of investments accounted for using the equity method	(65,858)	(223,013)
Income tax relating to items that may be reclassified	8,582	36,752
Total other comprehensive income	(7,087)	(371,380)
Comprehensive Income for the Period	¥ 57,596	¥ (330,427)
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 55,070	¥ (324,184)
Non-controlling interests	2,526	(6,243)

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Changes in Equity

Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2016 and 2015

Millions of Yen	Attributable to owners of the parent: Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity (Note 8)	Treasury Stock	Total	Non-controlling Interests	Total Equity
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			130,641			130,641	15,114	145,755
Other comprehensive income for the period				(262,680)		(262,680)	(9,224)	(271,904)
Comprehensive income for the period						(132,039)	5,890	(126,149)
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥32)			(57,361)			(57,361)		(57,361)
Dividends paid to non-controlling interest shareholders							(11,111)	(11,111)
Acquisition of treasury stock					(10)	(10)		(10)
Sale of treasury stock		0			0	0		0
Compensation costs related to stock options		181				181		181
Equity transactions with non-controlling interest shareholders		(4,490)		510		(3,980)	2,615	(1,365)
Transfer to retained earnings			11,122	(11,122)		-		-
Balance as at September 30, 2015	¥ 341,482	¥ 407,572	¥ 2,622,217	¥ 541,271	¥ (5,956)	¥ 3,906,586	¥ 294,973	¥ 4,201,559

Millions of Yen	Attributable to owners of the parent: Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity (Note 8)	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance as at April 1, 2016	¥ 341,482	¥ 412,064	¥ 2,314,185	¥ 317,955	¥ (5,961)	¥ 3,379,725	¥ 286,811	¥ 3,666,536
Profit for the period			121,977			121,977	7,009	128,986
Other comprehensive income for the period				(251,254)		(251,254)	(15,510)	(266,764)
Comprehensive income for the period						(129,277)	(8,501)	(137,778)
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥32)			(57,368)			(57,368)		(57,368)
Dividends paid to non-controlling interest shareholders							(35,922)	(35,922)
Acquisition of treasury stock					(4)	(4)		(4)
Sales of treasury stock			(0)		0	0		0
Compensation costs related to stock options		164				164		164
Equity transactions with non-controlling interest shareholders		(3,002)		2,608		(394)	83	(311)
Transfer to retained earnings			5,760	(5,760)		-		-
Balance as at September 30, 2016	¥ 341,482	¥ 409,226	¥ 2,384,554	¥ 63,549	¥ (5,965)	¥ 3,192,846	¥ 242,471	¥ 3,435,317

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Cash Flows

Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2016 and 2015

	Millions of Yen	
	Six-month Period Ended September 30, 2016	Six-month Period Ended September 30, 2015
Operating Activities:		
Profit for the period	¥ 128,986	¥ 145,755
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	98,309	125,929
Change in retirement benefit liabilities	(1,170)	(675)
Provision for doubtful receivables	2,848	6,456
(Gain) loss on securities and other investments—net	(18,416)	(16,070)
Impairment (reversal) loss of fixed assets—net	300	(4,808)
(Gain) loss on disposal or sales of fixed assets—net	(691)	(11,517)
Finance (income) costs—net	(3,605)	(11,555)
Income taxes	57,036	79,275
Share of (profit) loss of investments accounted for using the equity method	(98,813)	(88,275)
Changes in operating assets and liabilities:		
Change in trade and other receivables	67,657	267,409
Change in inventories	(39,176)	(22,712)
Change in trade and other payables	(69,780)	(124,494)
Other—net	(66,884)	(63,251)
Interest received	12,456	20,018
Interest paid	(32,444)	(25,555)
Dividends received	78,560	112,350
Income taxes paid	(42,043)	(62,737)
Cash flows from operating activities	73,130	325,543
Investing Activities:		
Change in time deposits	(147,132)	89
Investments in and advances to equity accounted investees	(35,886)	(53,869)
Proceeds from sales of investments in and collection of advances from equity accounted investees	72,863	43,763
Purchases of other investments	(25,146)	(23,524)
Proceeds from sales and maturities of other investments	33,182	30,293
Increase in long-term loan receivables	(796)	(1,831)
Collections of long-term loan receivables	8,240	7,561
Purchases of property, plant, equipment and investment property	(101,683)	(173,402)
Proceeds from sales of property, plant, equipment and investment property	5,689	19,227
Cash flows from investing activities	(190,669)	(151,693)
Financing Activities:		
Change in short-term debt	(92,583)	46,968
Proceeds from long-term debt	641,319	260,579
Repayments of long-term debt	(266,543)	(337,659)
Purchases and sales of treasury stock	(4)	(10)
Dividends paid	(57,368)	(57,369)
Transactions with non-controlling interests shareholders	(31,797)	(9,603)
Cash flows from financing activities	193,024	(97,094)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(48,267)	(22,881)
Change in Cash and Cash Equivalents	27,218	53,875
Cash and Cash Equivalents at Beginning of Period	1,490,775	1,400,770
Cash and Cash Equivalents at End of Period	¥ 1,517,993	¥ 1,454,645

See Notes to Condensed Consolidated Financial Statements

Notes to Condensed Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. REPORTING ENTITY

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

The companies, as sogo shosha or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers relating to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The companies conduct sales, export, import, offshore trades and manufacture of products in the areas of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure," "Chemicals," "Energy," "Lifestyle," and "Innovation & Corporate Development," while providing general services for retailing, information and communications, technical support, transportation, and logistics and financing.

In addition to the above, the companies are also engaged in the development of natural resources such as oil and gas, and iron and steel raw materials and in strategic business investments in new areas such as information technology, renewable energy, and environmental solution business.

2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS OF PREPARATION

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

II. USE OF ESTIMATES AND JUDGMENTS

The preparation of Condensed Consolidated Financial Statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments 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.

III. SIGNIFICANT ACCOUNTING POLICIES

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

Effective April 1, 2016, the companies applied the following new standards and interpretation for Condensed Consolidated Financial Statements. Potential impacts on Condensed Consolidated Financial Statements of application of these are immaterial.

IFRS	Title	Summaries
IFRS11	Joint Arrangements	Clarification of accounting for acquisitions of interests in joint operations
IAS 16	Property, Plant and Equipment	Clarification that revenues cannot be the basis of depreciation and amortization
IAS 38	Intangible Assets	

3. BUSINESS COMBINATIONS

For the six-month period ended September 30, 2016

No material business combinations were completed during the six-month period ended September 30, 2016.

For the six-month period ended September 30, 2015

No material business combinations were completed during the six-month period ended September 30, 2015.

The purchase price allocation for the following business combinations occurred during the year ended March 31, 2016 has not been completed yet.

Interest in an offshore gas and condensate field in Australia

On November 6, 2015, Mitsui E&P Australia Pty Limited, a 100% owned subsidiary of the Company, entered into a definitive agreement with Santos Offshore Pty Limited, a 100% owned subsidiary of Santos Limited, to acquire Santos' 35% working interest in the Kipper gas and condensate field, for the purpose of establishing a well-balanced business portfolio and to contribute to the stable supply of energy resources in the region. This acquisition was closed on March 3, 2016. As a result of a post-closing purchase price adjustment, the acquisition cost was ¥46,723 million (A$530 million). The adjusting payment of ¥872 million (A$10 million) was paid on April 26, 2016.

Since the purchase price allocation has not been completed yet, the assets acquired and liabilities assumed have been booked provisionally in the Condensed Consolidated Statements of Financial Position. The following table summarizes the provisional fair values of the assets acquired and liabilities assumed at the acquisition date. The provisional fair values recorded at September 30, 2016 have not changed since March 31, 2016.

		Millions of Yen
Property, plant and equipment	¥	48,856
Total assets acquired		48,856
Current liabilities		(8)
Non-current liabilities		(2,125)
Total liabilities assumed	¥	(2,133)

4. SEGMENT INFORMATION

Six-month period ended September 30, 2016 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 43,664	¥ 297,421	¥ 193,282	¥ 341,686	¥ 222,252	¥ 477,345	¥ 66,185
Gross Profit	¥ 14,445	¥ 58,493	¥ 51,483	¥ 38,240	¥ 31,056	¥ 63,396	¥ 26,986
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 1,737	¥ 9,427	¥ 37,566	¥ 2,390	¥ 5,024	¥ 12,357	¥ 4,575
Profit for the Period Attributable to Owners of the parent	¥ 1,961	¥ 51,317	¥ 34,229	¥ 7,182	¥ 896	¥ 20,558	¥ 6,889
EBITDA	¥ 3,323	¥ 68,189	¥ 43,690	¥ 16,066	¥ 69,034	¥ 17,375	¥ 10,141
Total Assets at September 30, 2016	¥ 388,872	¥ 1,488,054	¥ 1,829,887	¥ 696,942	¥ 1,745,228	¥ 1,575,756	¥ 496,304

Six-month period ended September 30, 2016 :	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 306,762	¥ 50,398	¥ 52,723	¥ 2,051,718	¥ 4,040	¥ (23,622)	¥ 2,032,136
Gross Profit	¥ 40,721	¥ 10,233	¥ 11,098	¥ 346,151	¥ 3,499	¥ (23,622)	¥ 326,028
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 4,948	¥ 1,863	¥ 19,126	¥ 99,013	¥ 20	¥ (220)	¥ 98,813
Profit for the Period Attributable to Owners of the parent	¥ 11,610	¥ 1,633	¥ 13,364	¥ 149,639	¥ 1,238	¥ (28,900)	¥ 121,977
EBITDA	¥ 25,759	¥ 2,779	¥ 22,525	¥ 278,881	¥ (908)	¥ 5,065	¥ 283,038
Total Assets at September 30, 2016	¥ 527,057	¥ 141,725	¥ 364,647	¥ 9,254,472	¥ 5,577,878	¥ (4,351,171)	¥ 10,481,179

Six-month period ended September 30, 2015(As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 58,147	¥ 373,916	¥ 199,788	¥ 444,422	¥ 375,148	¥ 511,614	¥ 66,027
Gross Profit	¥ 16,493	¥ 57,120	¥ 64,535	¥ 40,549	¥ 69,855	¥ 55,409	¥ 24,675
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 2,732	¥ 4,533	¥ 19,742	¥ 4,289	¥ 15,019	¥ 10,603	¥ 5,366
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 2,548	¥ 31,297	¥ 18,800	¥ 5,256	¥ 26,172	¥ (4,366)	¥ 13,041
EBITDA	¥ 5,575	¥ 67,221	¥ 31,608	¥ 14,600	¥ 140,438	¥ 4,998	¥ 7,188
Total Assets at March 31, 2016	¥ 392,174	¥ 1,591,364	¥ 2,009,812	¥ 756,997	¥ 1,973,464	¥ 1,499,281	¥ 510,529

Six-month period ended September 30, 2015(As restated):	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 374,589	¥ 54,852	¥ 62,805	¥ 2,521,308	¥ 1,323	¥ (24,799)	¥ 2,497,832
Gross Profit	¥ 62,825	¥ 10,913	¥ 11,994	¥ 414,368	¥ 836	¥ (24,613)	¥ 390,591
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 4,150	¥ 2,499	¥ 19,532	¥ 88,465	¥ 30	¥ (220)	¥ 88,275
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 16,937	¥ 2,877	¥ 12,697	¥ 125,259	¥ 753	¥ 4,629	¥ 130,641
EBITDA	¥ 39,828	¥ 3,887	¥ 22,608	¥ 337,951	¥ (3,242)	¥ 12,692	¥ 347,401
Total Assets at March 31, 2016	¥ 648,787	¥ 151,328	¥ 402,889	¥ 9,936,625	¥ 5,590,315	¥ (4,616,429)	¥ 10,910,511

Three-month period ended September 30, 2016 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 21,595	¥ 152,730	¥ 88,453	¥ 159,934	¥ 115,490	¥ 261,529	¥ 31,107
Gross Profit	¥ 7,588	¥ 30,048	¥ 25,995	¥ 17,544	¥ 17,193	¥ 34,762	¥ 11,224
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 912	¥ 7,743	¥ 18,754	¥ (574)	¥ 546	¥ 4,243	¥ 1,869
Profit for the Period Attributable to Owners of the parent	¥ 428	¥ 34,640	¥ 15,581	¥ 2,027	¥ 167	¥ 16,935	¥ 534
EBITDA	¥ 1,402	¥ 37,979	¥ 22,420	¥ 4,808	¥ 34,706	¥ 7,658	¥ 1,455

Three-month period ended September 30, 2016 :	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 134,902	¥ 24,639	¥ 30,029	¥ 1,020,408	¥ 3,446	¥ (11,689)	¥ 1,012,165
Gross Profit	¥ 17,075	¥ 5,032	¥ 5,517	¥ 171,978	¥ 1,843	¥ (11,914)	¥ 161,907
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 3,584	¥ 883	¥ 10,183	¥ 48,143	¥ 10	¥ (66)	¥ 48,087
Profit for the Period Attributable to Owners of the parent	¥ 5,646	¥ 557	¥ 7,283	¥ 83,798	¥ 521	¥ (23,487)	¥ 60,832
EBITDA	¥ 11,692	¥ 1,431	¥ 11,838	¥ 135,389	¥ (230)	¥ 2,819	¥ 137,978

Three-month period ended September 30, 2015(As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 27,861	¥ 183,827	¥ 114,682	¥ 216,191	¥ 169,388	¥ 256,506	¥ 35,088
Gross Profit	¥ 7,949	¥ 30,461	¥ 34,826	¥ 20,579	¥ 33,907	¥ 26,516	¥ 13,413
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 1,479	¥ 5,728	¥ (4,517)	¥ 2,277	¥ 3,160	¥ 5,587	¥ 2,616
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 352	¥ 17,708	¥ 1,150	¥ 3,445	¥ 9,477	¥ (12,577)	¥ (1,271)
EBITDA	¥ 1,934	¥ 36,707	¥ 2,873	¥ 6,241	¥ 67,029	¥ (831)	¥ 2,558

Three-month period ended September 30, 2015(As restated):	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 170,688	¥ 24,886	¥ 27,313	¥ 1,226,430	¥ 687	¥ (12,974)	¥ 1,214,143
Gross Profit	¥ 31,562	¥ 5,419	¥ 6,194	¥ 210,826	¥ 443	¥ (12,831)	¥ 198,438
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 1,114	¥ 1,327	¥ 9,688	¥ 28,459	¥ 14	¥ (73)	¥ 28,400
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 7,745	¥ 1,441	¥ 6,444	¥ 33,914	¥ (854)	¥ 644	¥ 33,704
EBITDA	¥ 20,074	¥ 1,971	¥ 11,364	¥ 149,920	¥ (2,341)	¥ 6,349	¥ 153,928

Notes: (1) "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and affiliated companies. Total assets of "All Other" at March 31, 2016 and September 30, 2016 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 the Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions. Profit for the Period Attributable to Owners of the parent of "Adjustments and Eliminations" for the six-month and the three-month periods ended September 30, 2016 include ¥35,021 million (Loss) and ¥25,824 million (Loss) respectively related to adjustments of the difference between Company's actual income taxes and reportable segments' income taxes based on management approach. For the six-month and the three-month periods ended September 30, 2015, there was no individually material item in the Profit (Loss) for the Period Attributable to Owners of the parent of "Adjustments and Eliminations".

(4) 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) During the three-month period ended June 30, 2016, Food Science Division was transferred from the "Lifestyle" segment to the "Chemicals" Segment, in conjunction with the creation of the Nutrition & Agriculture Business Unit. In addition, the United Grain Corporation of Oregon, which was formerly operating under the "Americas" Segment, was transferred to the "Lifestyle" Segment with the aim to optimize global grain trading strategy. In accordance with these changes, the operating segment information for the six-month and the three-month periods ended September 30, 2015 has been restated to conform to the current period presentation.

5. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Property, plant and equipment

The amounts of acquisitions of property, plant and equipment for the six-month periods ended September 30, 2016 and 2015 were ¥95,898 million and ¥185,425 million, respectively.
The amounts of disposals of property, plant and equipment for the six-month periods ended September 30, 2016 and 2015 were ¥41,957 million and ¥19,676 million, respectively.
The amounts of transfers to and from investment property for the six-month periods ended September 30, 2016 was ¥16,266 million, and the amounts for the six-month periods ended September 30, 2015 was immaterial.
The amounts of commitments for the purchase of property, plant and equipment as of September 30, 2016 was ¥140,877 million, and the amounts as of March 31, 2015 was immaterial.

Investment property

The amounts of acquisitions for the six-month periods ended September 30, 2016 was ¥21,662 million, and the amounts for the six-month periods ended September 30, 2015 was immaterial.
The amounts of transfers to and from property, plant and equipment for the six-month periods ended September 30, 2016 was ¥16,266 million, and the amounts for the six-month periods ended September 30, 2015 was immaterial.

6. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

The amount of impairment losses for assets for the six-month periods ended September 30, 2016 and 2015 were not material.

The amount of reversal of impairment losses for assets for the six-month period ended September 30, 2016 was not material.
For the six-month period ended September 30, 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.

7. BONDS AND LOANS

Bonds

The total amount of repaid bonds for the six-month period ended September 30, 2016 was ¥35,000 million.
The total amount of issued bonds for the six-month period ended September 30, 2016 was none.

The total amount of repaid bonds for the six-month period ended September 30, 2015 was ¥20,046 million.
The total amount of issued bonds for the six-month period ended September 30, 2015 was none.

Loans

The loans executed for the six-month period ended September 30, 2016 include subordinated syndicated loans of ¥350.0 billion and ¥205.0 billion. The maturity dates are June 15, 2076 and August 15, 2076, respectively. The prepayments will be enabled from June 15, 2023 and August 15, 2028, respectively.

8. EQUITY

Changes in other components of equity for the six-month periods ended September 30, 2016 and 2015 were as follows:

	Millions of Yen			
	Six-month period ended September 30, 2016		Six-month period ended September 30, 2015	
Financial Assets Measured at FVTOCI:				
Balance at beginning of period	¥	80,427	¥	318,810
Increase (decrease) during the period		11,690		(87,653)
Transfer to retained earnings		(10,012)		(10,577)
Balance at end of period	¥	82,105	¥	220,580
Remeasurements of Defined Benefit Pension Plans:				
Balance at beginning of period	¥	-	¥	-
Increase (decrease) during the period		(4,252)		545
Transfer to retained earnings		4,252		(545)
Balance at end of period	¥	-	¥	-
Foreign Currency Translation Adjustments:				
Balance at beginning of period	¥	279,858	¥	538,728
Increase (decrease) during the period		(242,524)		(182,967)
Balance at end of period	¥	37,334	¥	355,761
Cash Flow Hedges:				
Balance at beginning of period	¥	(42,330)	¥	(42,975)
Increase (decrease) during the period		(13,560)		7,905
Balance at end of period	¥	(55,890)	¥	(35,070)
Total:				
Balance at beginning of period	¥	317,955	¥	814,563
Increase (decrease) during the period		(248,646)		(262,170)
Transfer to retained earnings		(5,760)		(11,122)
Balance at end of period	¥	63,549	¥	541,271

9. DIVIDENDS

During the six-month periods ended September 30, 2016 and 2015, the Company paid dividends of ¥32 per share (total dividend of ¥57,368 million) and ¥32 per share (total dividend of ¥57,369 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 six-month and three-month periods ended September 30, 2016 and 2015:

	Six-month Period Ended September 30, 2016			Six-month Period Ended September 30, 2015		
	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:	¥ 121,977	1,792,508	¥ 68.05	¥ 130,641	1,792,519	¥ 72.88
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies…	(20)	-		(9)	-	
Stock options …………………………………	-	641		-	351	
Diluted earnings per share attributable to owners of the parent:	¥ 121,957	1,793,149	¥ 68.01	¥ 130,632	1,792,870	¥ 72.86

	Three-month Period Ended September 30, 2016			Three-month Period Ended September 30, 2015		
	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:	¥ 60,832	1,792,507	¥ 33.94	¥ 33,704	1,792,515	¥ 18.80
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies…	(9)	-		(6)	-	
Stock options …………………………………	-	767		-	441	
Diluted earnings per share attributable to owners of the parent:	¥ 60,823	1,793,274	¥ 33.92	¥ 33,698	1,792,956	¥ 18.79

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 September 30, 2016 and March 31, 2016. 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 September 30, 2016.

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
September 30, 2016				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 76,935	¥ 48,524	¥ 3,091	¥ 45,433
Guarantees for the investments accounted for using the equity method	752,891	478,726	113,116	365,610
Performance guarantees				
Guarantees for third parties	47,733	34,531	1,286	33,245
Guarantees for the investments accounted for using the equity method	58,082	33,209	3,847	29,362
Total..................................	¥ 935,641	¥ 594,990	¥ 121,340	¥ 473,650

	Millions of Yen			
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)
March 31, 2016				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties	¥ 128,737	¥ 61,840	¥ 7,168	¥ 54,672
Guarantees for the investments accounted for using the equity method	802,899	478,570	88,201	390,369
Performance guarantees				
Guarantees for third parties	57,119	43,936	1,391	42,545
Guarantees for the investments accounted for using the equity method	43,025	36,492	4,605	31,887
Total..................................	¥ 1,031,780	¥ 620,838	¥ 101,365	¥ 519,473

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of September 30, 2016 and March 31, 2016 will expire through 2023 and 2033, respectively.

Guarantees for the investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for the investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of September 30, 2016 and March 31, 2016 will expire through 2024 and 2019, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2016 and March 31, 2016.

	Millions of Yen	
	September 30, 2016	**March 31, 2016**
Within 1 year	¥ 277,828	¥ 294,292
After 1 to 5 years	434,599	481,755
After 5 years	223,214	255,733
Total	¥ 935,641	¥ 1,031,780

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 asset or liability, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the asset or liability.

(1)Valuation techniques

Primary valuation techniques used for each financial instrument and non-financial asset measured at fair value are as follows:

Other Investments

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded Other investments are measured using quoted market prices and classified as level 1.

- Non-marketable Other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. The degree to which these inputs are observable in the relevant markets determines whether the investment is classified as level 2 or 3.

Derivative Instruments

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from the market, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of September 30, 2016 and March 31, 2016 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 personnel. 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 personnel.

(3)Assets and liabilities measured at fair value on a recurring basis

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2016 and March 31, 2016 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2016 and for the year ended March 31, 2016.

September 30, 2016	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 11,008	–	¥ 70,795		
Financial assets measured at FVTOCI	520,741	–	520,849		
Total other investments	¥ 531,749	–	¥ 591,644	–	¥ 1,123,393
Derivative assets:					
Foreign exchange contracts.....................	–	¥ 105,975	–		
Interest rate contracts	–	81,070	–		
Commodity contracts	¥ 31,354	370,188	¥ 796		
Others..	–	–	3,121		
Total derivative assets	¥ 31,354	¥ 557,233	¥ 3,917	¥ (326,578)	¥ 265,926
Inventories…………………………………	–	¥ 132,038	–	–	¥ 132,038
Total assets	¥ 563,103	¥ 689,271	¥ 595,561	¥ (326,578)	¥ 1,521,357
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts.....................	–	¥ 77,130	–		
Interest rate contracts	–	10,932	–		
Commodity contracts	¥ 19,322	363,746	¥ 710		
Others..	–	–	2,041		
Total derivative liabilities	¥ 19,322	¥ 451,808	¥ 2,751	¥ (332,758)	¥ 141,123
Total liabilities...	¥ 19,322	¥ 451,808	¥ 2,751	¥ (332,758)	¥ 141,123

March 31, 2016	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 13,460	–	¥ 67,567		
Financial assets measured at FVTOCI	533,428	–	561,011		
Total other investments	¥ 546,888	–	¥ 628,578	–	¥ 1,175,466
Derivative assets:					
Foreign exchange contracts	–	¥ 88,518	–		
Interest rate contracts	–	71,879	–		
Commodity contracts	¥ 25,327	542,293	¥ 550		
Others	–	–	3,392		
Total derivative assets	¥ 25,327	¥ 702,690	¥ 3,942	¥ (488,212)	¥ 243,747
Inventories	–	¥ 100,348	–	–	¥ 100,348
Total assets	¥ 572,215	¥ 803,038	¥ 632,520	¥ (488,212)	¥ 1,519,561
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 70,096	–		
Interest rate contracts	–	12,101	–		
Commodity contracts	¥ 23,370	535,701	¥ 668		
Others	–	–	1,009		
Total derivative liabilities	¥ 23,370	¥ 617,898	¥ 1,677	¥ (508,576)	¥ 134,369
Total liabilities	¥ 23,370	¥ 617,898	¥ 1,677	¥ (508,576)	¥ 134,369

*Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The reconciliation of financial assets measured at FVTOCI for the six-month period ended September 30, 2016 and 2015 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2016	**Six-month period ended September 30, 2015**
Balance at beginning of period	¥ 561,011	¥ 850,880
Other comprehensive income (Note1)	3,591	(80,957)
Purchases	9,800	8,299
Sales	(6,255)	(3,257)
Transfers into Level 3	–	–
Transfers out of Level 3	–	–
Others (Note2)	(47,297)	(15,865)
Balance at end of period	¥ 520,849	¥ 759,100

Note1: For "Other comprehensive income" for the six-month period ended September 30, 2015, 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 (Including in the foreign currency translation adjustments) 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.

The reconciliation of financial assets measured at FVTPL for the six-month period ended September 30, 2016 and 2015 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2016	**Six-month period ended September 30, 2015**
Balance at beginning of period	¥ 67,567	¥ 36,446
Gains (losses)	(2,230)	9,862
Purchases	8,364	9,186
Sales	(1,329)	(814)
Transfers into Level 3	–	–
Transfers out of Level 3	–	(10,221)
Others (Note1)	(1,579)	(385)
Balance at end of period	¥ 70,795	¥ 44,074
Net change in unrealized gains (losses) still held at end of period	¥ (2,230)	¥ 150

Note1: "Others" includes the effect of changes in foreign exchange rates (Including in the foreign currency translation adjustments) and out 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 September 30, 2016 and March 31, 2016 were as follows:

September 30, 2016	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	6.7%~17.4%

March 31, 2016	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	6.7%~17.4%

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of financial assets measured at FVTOCI using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value.

(4) Fair value of non-current financial assets and liabilities

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rate and long-term debt with fixed rate are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.

The fair values of financial instruments as of September 30, 2016 and March 31, 2016 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts are approximately the same as their fair values on a reasonable basis.

	Millions of Yen			
	September 30, 2016		**March 31, 2016**	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current receivables				
Trade and other receivables and other financial assets (*).	¥ 531,356	¥ 532,200	¥ 541,560	¥ 542,582
Non-current liabilities				
Long-term debts, less current portion and other financial liabilities (*)	¥ 4,117,387	¥ 4,231,677	¥ 3,947,676	¥ 3,999,237

(*)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. SUBSEQUENT EVENTS

Interim Dividend

On November 2, 2016, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2016 of ¥25 per share or a total of ¥44,819 million.

14. 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 November 11, 2016.