Quarterly Securities Report

for the three-month period ended June 30, 2012

English translation of certain items disclosed in the Quarterly Securities Report for the three-month period ended June 30, 2012, which were filed with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on August 13, 2012.

MITSUI & CO., LTD.

CONTENTS

Page

1. Overview of Mitsui and Its Subsidiaries 2
1. Selected Financial Data 2
2. Business Overview 3

2. Operating and Financial Review and Prospects 3
1. Risk Factors 3
2. Material Contracts 3
3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows 3

3. Consolidated Financial Statements 18

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 June 30, 2012 and 2011 and as of or for the Year Ended March 31, 2012

	In millions of Yen, except amounts per share and other		
	Three-month period ended June 30, 2012	Three-month period ended June 30, 2011	As of or for the year ended March 31, 2012
Consolidated income statement data:			
Revenues	¥ 1,179,779	¥ 1,280,455	¥ 5,251,602
Income before income taxes and equity in earnings	¥ 87,941	¥ 119,702	¥ 413,211
Net income attributable to Mitsui & Co., Ltd.	¥ 104,447	¥ 132,698	¥ 434,497
Comprehensive (loss) income attributable to Mitsui & Co., Ltd.	¥ (53,837)	¥ 110,313	¥ 373,029
Total trading transactions	¥ 2,495,597	¥ 2,593,136	¥ 10,481,166
Consolidated balance sheet data:			
Total Mitsui & Co., Ltd. shareholders' equity	¥ 2,535,278	¥ 2,427,130	¥ 2,641,318
Total equity	¥ 2,752,463	¥ 2,619,297	¥ 2,860,810
Total assets	¥ 8,648,498	¥ 8,728,008	¥ 9,011,823
Total Mitsui & Co., Ltd. shareholders' equity ratio	29.31%	27.81%	29.31%
Amounts per share (Yen):			
Net income attributable to Mitsui & Co., Ltd.:			
Basic	¥ 57.23	¥ 72.72	¥ 238.10
Diluted	¥ -	¥ 72.72	¥ -
Consolidated cash flow statement data:			
Net cash provided by operating activities	¥ 134,028	¥ 82,834	¥ 380,984
Net cash used in investing activities	¥ (108,765)	¥ (163,326)	¥ (438,191)
Net cash (used in) provided by financing activities	¥ (56,335)	¥ 21,951	¥ 57,394
Cash and cash equivalents	¥ 1,378,941	¥ 1,377,927	¥ 1,431,112

(Notes)
1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America.
2. Total trading transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.
3. Revenues and total trading transactions do not include consumption taxes.
4. Diluted net income attributable to Mitsui & Co., Ltd. per share for the period ended June 30, 2012 and the year ended March 31, 2012 are not disclosed because there are no dilutive potential shares.

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 and steel products, mineral and metal resources, machinery and infrastructure, chemicals, energy, foods and consumer service. We also participate in the development of natural resources such as metals, minerals, oil and gas. 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 three-month period ended June 30, 2012.

Effective April 1, 2012, we changed our reportable operating segments. For details, see Note 9, "SEGMENT INFORMATION."

2. Operating and Financial Review and Prospects

1. Risk Factors

For the three-month period ended June 30, 2012, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2012.

2. Material Contracts

For the three-month period ended June 30, 2012, 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 June 30, 2012, unless otherwise indicated.

(1) Operating Environment

There was a slowdown in the momentum of growth in the global economy during the three-month period ended June 30, 2012. This was due in part to the financial crisis in the euro area and its spillover effect on the rest of the world, combined with a moderation in the growth rates of emerging economies also caused by the slowdown in the euro area; despite the moderate recovery that continued in Japan and the U.S.

In response to such economic slowdown, further steps have been taken globally to ease monetary policies and emerging countries are starting to implement stimulus packages.

China saw a moderation in its growth due to a decline in export volumes to the euro area and a slowdown in real estate investment. However, since policy tightening has been eased and additional stimulus measures have been taken, followed by coordinated policy implementation and active public investment programs, we expect the internal demand in China to gradually recover, driving a reasonably high growth rate in the medium term.

We have not shifted away from our view that the global economy will continue to grow at a moderate rate driven by solid economic growth in emerging countries, owing to the coordinated global monetary policy easing, including the recent support from longer-term refinancing operations conducted by the European Central Bank, the recent agreement reached in the EU summit to comprehensively deal with the financial crisis, and additional stimulus packages implemented in emerging countries. On the other hand, we are aware of the high uncertainty within the global economy, and we will continue to take a cautious view about the potentially unfavorable effects that may be caused by the lower growth rates in emerging economies, price erosions in international commodity markets, and the appreciation of the yen and other factors. We will closely monitor the various risks we are subject to and will navigate our operations with prudence based on long term planning.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

Revenues

Total revenues for the three-month period ended June 30, 2012 were ¥1,179.8 billion, a decline of ¥100.7 billion from ¥1,280.5 billion for the corresponding three-month period of the previous year.

Revenues from sales of products for the three-month period ended June 30, 2012 were ¥1,052.0 billion, a decline of ¥105.2 billion from ¥1,157.2 billion for the corresponding three-month period of the previous year, as a result of the following:

- The Chemicals Segment reported a decline of ¥82.1 billion mainly due to underperforming trading activities in petrochemical materials.
- The Energy Segment reported a decline of ¥18.9 billion. Oil trading businesses reported a decline of ¥37.1 billion due to decreased volume, despite an increase of ¥16.3 billion in oil and gas producing businesses due to higher prices.
- The Mineral & Metal Resources Segment reported a decline of ¥16.6 billion, mainly attributable to a decline in iron ore prices.
- The Lifestyle Segment reported an increase of ¥13.1 billion. Multigrain AG (Switzerland) contributed to the increase as a result of its reclassification from associated company to subsidiary during the corresponding three-month period of the previous year. We consolidate Multigrain AG ‘s results of operation on a three-month time lag.

Revenues from sales of services for the three-month period ended June 30, 2012 were ¥91.4 billion, an increase of ¥1.8 billion from ¥89.6 billion for the corresponding three-month period of the previous year.

Revenues from other sales for the three-month period ended June 30, 2012 were ¥36.4 billion, an increase of ¥2.8 billion from ¥33.6 billion for the corresponding three-month period of the previous year. Mitsui recorded losses and gains in revenues related to the commodity derivatives trading business, which correspond to foreign exchange losses of ¥3.6 billion and gains of ¥0.4 billion posted in other expense-net for the three-month periods ended June 30, 2012 and 2011, respectively.

Gross Profit

Gross profit for the three-month period ended June 30, 2012 was ¥201.9 billion, a decline of ¥15.1 billion from ¥217.0 billion for the corresponding three-month period of the previous year as a result of the following:

- The Mineral & Metal Resources Segment reported a decline of ¥13.9 billion in gross profit. Mitsui Iron Ore Development Pty. Ltd. (Australia) reported a decline of ¥7.9 billion in gross profit reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume led by both the reversal effect of unseasonably wet weather for the corresponding three-month period of the previous year and the effect of an incremental capacity. Mitsui-Itochu Iron Pty. Ltd. (Australia) also recorded a decline of ¥4.8 billion due to the decline in iron ore prices.
- The Chemicals Segment reported a decline of ¥5.4 billion in gross profit. This was mainly due to underperforming trading activities in petrochemical materials, as well as a decline in sales volume and

ammonia prices at P.T. Kaltim Pasifik Amoniak (Indonesia).

- The Energy Segment reported an increase of ¥4.9 billion in gross profit. Due to higher prices and increases in volume, Mitsui Oil Exploration Co., Ltd. (Japan), Mitsui E&P Middle East B. V. (Netherland) and Mitsui E&P Australia Pty Limited (Australia) reported increases of ¥7.8 billion, ¥4.8 billion and ¥4.2 billion, respectively. Mitsui Coal Holdings Pty. Ltd. (Australia) reported a decline of ¥3.3 billion due to lower coal prices.

Selling General and Administrative Expenses

Selling, general and administrative expenses for the three-month period ended June 30, 2012 were ¥125.4 billion, a decline of ¥0.6 billion from ¥126.0 billion for the corresponding three-month period of the previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Three-month Period Ended June 30,		
	2012	2011	Change
Personnel	¥ 67.5	¥ 67.6	¥ (0.1)
Welfare	3.2	3.1	0.1
Travel	7.7	7.2	0.5
Entertainment	1.8	1.8	0.0
Communication	11.7	11.7	0.0
Rent	4.3	4.2	0.1
Depreciation	3.0	3.0	0.0
Fees and Taxes	2.0	2.1	(0.1)
Others	24.2	25.3	(1.1)
Total	¥ 125.4	¥ 126.0	¥ (0.6)

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

Effective April 1, 2012, we changed our reportable operating segments. Starting from the three-month period ended June 30, 2012, the headquarters' cost allocation system was changed from partial allocation to full allocation to the operating segments. For more information, see 2) Operating Results by Operating Segment.

	Billions of Yen		
	Three-month Period Ended June 30,		
	2012	2011	Change
Iron & Steel Products	¥ 8.9	¥ 8.4	¥ 0.5
Mineral & Metal Resources	8.1	5.2	2.9
Machinery & Infrastructure Projects	23.5	21.0	2.5
Chemicals	14.9	14.1	0.8
Energy	13.7	11.4	2.3
Lifestyle	27.5	24.3	3.2
Innovation & Cross Function	18.6	16.7	1.9
Americas	11.9	12.3	(0.4)
Europe, the Middle East and Africa	4.6	4.7	(0.1)
Asia Pacific	3.7	3.7	0.0
Total	135.4	121.8	13.6
All Other	1.4	1.5	(0.1)
Adjustments and Eliminations	(11.4)	2.7	(14.1)
Consolidated Total	¥ 125.4	¥ 126.0	¥ (0.6)

Provision for Doubtful Receivables

Provision for doubtful receivables for the three-month period ended June 30, 2012 was ¥4.5 billion, an increase of ¥2.1 billion from ¥2.4 billion for the corresponding three-month period of the previous year. The provisions for both periods represented aggregated reserves for individually small receivables.

Interest Expense—Net

Interest expense, net of interest income, for the three-month period ended June 30, 2012 was ¥4.0 billion, an increase of ¥3.4 billion from ¥0.6 billion for the corresponding three-month period of the previous year. The following table provides the periodic average of 3 month Libor of the Japanese yen and the U.S. dollar for the three-month periods ended June 30, 2012 and 2011.

Periodic average of 3 month Libor (%p.a.)

	Three-month period ended June 30,	
	2012	2011
Japanese yen	0.20	0.20
U.S. dollar	0.46	0.26

Dividend Income

Dividend income for the three-month period ended June 30, 2012 was ¥35.4 billion, an increase of ¥13.9 billion from ¥21.5 billion for the corresponding three-month period of the previous year.
Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) were ¥28.5 billion in total, an increase of ¥15.8 billion from the corresponding three-month period of the previous year, reflecting an increase in dividends received from the Sakhalin II project.

Gain on Sales of Securities—Net

Gain on sales of securities for the three-month period ended June 30, 2012 was ¥5.8 billion, a decline of ¥7.5 billion from ¥13.3 billion for the corresponding three-month period of the previous year.

- There were miscellaneous small transactions for the three-month period ended June 30, 2012.
- For the corresponding three-month period of the previous year, a remeasurement gain of ¥3.6 billion on existing interests resulting from acquisition of the entire stake in Multigrain AG was recorded.

Loss on Write-Down of Securities

Loss on write-downs of securities for the three-month period ended June 30, 2012 was ¥11.3 billion, a deterioration of ¥7.8 billion from ¥3.5 billion for the corresponding three-month period of the previous year.

- Due to a decline in share price, an impairment loss of ¥4.9 billion on listed securities in Nippon Steel Corporation was recorded for the three-month period ended June 30, 2012.
- There were miscellaneous small write-downs for the corresponding three-month period of the previous year.

Gain on Disposal or Sales of Property and Equipment—Net

Gain on disposal or sales of property and equipment—net for the three-month period ended June 30, 2012 was ¥1.3 billion, an improvement of ¥1.4 billion from a loss of ¥0.1 billion for the corresponding three-month period of the previous year. There were miscellaneous small transactions in both periods.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the three-month period ended June 30, 2012 was ¥0.0 billion, an improvement of ¥0.4 billion from ¥0.4 billion for the corresponding three-month period of the previous year. There were miscellaneous small impairments in both periods.

Other Expense (Income)—Net

Other expense—net for the three-month period ended June 30, 2012 was ¥11.2 billion, a deterioration of ¥12.2 billion from income of ¥1.0 billion for the corresponding three-month period of the previous year.

- For the three-month period ended June 30, 2012, exploration expenses totaled ¥7.3 billion including those recorded at oil and gas producing businesses. The Innovation & Cross Function Segment recorded a foreign exchange loss of ¥3.6 billion in the commodity derivatives trading business at Mitsui, which corresponded to related revenues in the same segment.
- For the corresponding three-month period of the previous year, exploration expenses totaled ¥4.9 billion including those recorded at oil and gas producing businesses.

Income Taxes

Income taxes for the three-month period ended June 30, 2012 were ¥36.1 billion, a decline of ¥14.6 billion from ¥50.7 billion for the corresponding three-month period of the previous year. Major factors were a decline in “income from continuing operations before income taxes and equity in earnings” and “equity earnings of associated companies-net” as well as a decline in deferred tax on retained earnings of associated companies due to the reduction in Japanese corporate income tax rate, despite the recognition of valuation allowance against deferred tax assets, which we determined are not more likely than not to be realized. Furthermore, reversal of deferred tax liabilities related to dividends received from associated companies for the three-month period ended June 30, 2012 was approximately ¥12.0 billion, an increase of approximately ¥2.0 billion from approximately ¥10.0 billion for the corresponding three-month period of the previous year (*).
The effective tax rate on “income from continuing operations before income taxes and equity in earnings” for the three-month period ended June 30, 2012 was 41.1%, a decline of 1.3% from 42.4% for the corresponding three-month period of the previous year. Major factors were a reduction of the tax rate applied to deferred tax on retained earnings of associated companies due to the decline in Japanese corporate income tax rate, despite the negative factor of the aforementioned recognition of the valuation allowance against deferred tax assets.

(*) We, in principle, record deferred tax liabilities on undistributed retained earnings of associated companies calculating the expected tax amount payable based on the assumption that we would sell investments in associated companies in the future. At the time of profit distribution from associated companies, we reverse the deferred tax liabilities while recording an income tax expense on the dividends received. In a case where a certain portion of dividends received is treated as non-taxable, such as in the treatment of dividends under Japanese tax law, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and the balance is credited to tax expenses.

Equity in Earnings of Associated Companies - Net

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥60.1 billion, a decline of ¥14.1 billion from ¥74.2 billion for the corresponding three-month period of the previous year as a result of the following:

- A decline of ¥13.1 billion was recorded at Valepar S.A. (Brazil), mainly due to the reversal effect of the gain on divestiture of its aluminium assets in the corresponding three-month period of the previous year and the decline in iron ore prices.
- Overseas power production businesses reported a decline of ¥7.0 billion in earnings due to a decline of ¥6.6 billion in mark-to-market valuation gains and losses such as those on power derivative contracts and fuel purchase contracts.
- Due to a decline in share price, a ¥6.7 billion impairment loss on investment in Moshi Moshi Hotline, Inc. (Japan) was recorded for the corresponding three-month period of the previous year (*).

(*) Mitsui records an impairment loss on a marketable security of an associated company if a decline in the value of the security is other-than-temporary.

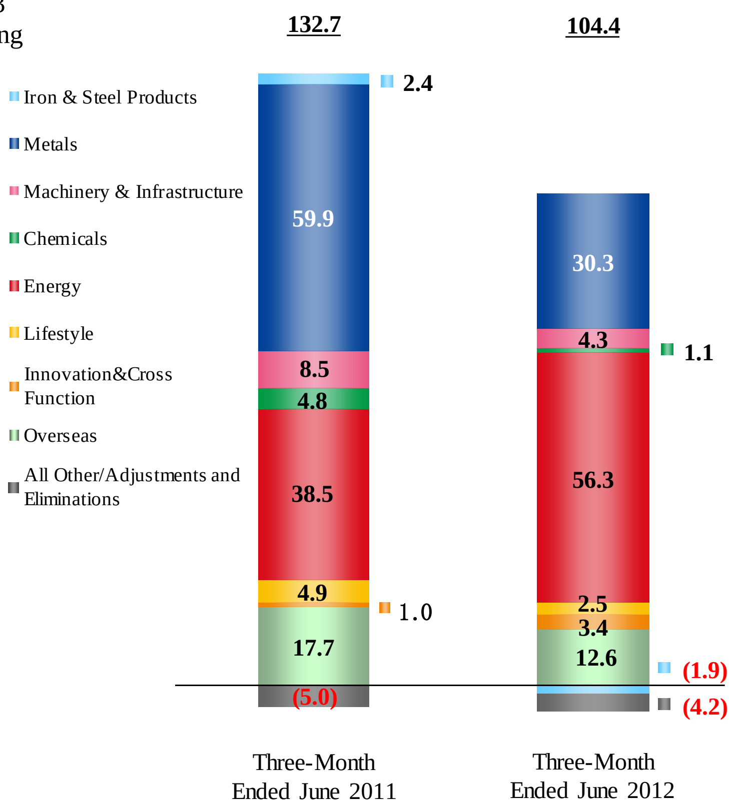
Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the three-month period ended June 30, 2012 was ¥7.5 billion, a decline of ¥3.0 billion from ¥10.5 billion for the corresponding three-month period of the previous year.

Net Income Attributable to Mitsui & Co., Ltd.

As a result, net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥104.4 billion, a decline of ¥28.3 billion from ¥132.7 billion for the corresponding three-month period of the previous year.

Net Income attributable to Mitsui&Co., Ltd. by Operating Segment (Billions of Yen)



2) Operating Results by Operating Segment

Effective April 1, 2012, we changed our reportable operating segments. In accordance with this change, the operating segment information for the three-month period ended June 30, 2011 has been restated to conform to the current year presentation. For details, see Note 9, "SEGMENT INFORMATION."

In addition, starting from the three-month period ended June 30, 2012, we changed the headquarters' cost allocation system from partial allocation to full allocation to the operating segments. The impact of this change to operating income (loss) and net income (loss) attributable to Mitsui & Co., Ltd. for each operating segment for the three-month period ended June 30, 2012 was as follows:

(Billions of yen)	Impact on Operating Income (Loss)	Impact on Net income (Loss) attributable to Mitsui & Co., Ltd.
Iron & Steel Products	(0.5)	(0.4)
Mineral & Metal Resources	(2.7)	(2.0)
Machinery & Infrastructure	(1.9)	(1.4)
Chemicals	(1.1)	(0.8)
Energy	(2.6)	(1.9)
Lifestyle	(1.9)	(1.4)
Innovation & Cross Function	(1.0)	(0.7)
Americas	0	0
Europe, the Middle East and Africa	0	0
Asia Pacific	0	0
All Other/Adjustments and Eliminations	11.7	8.7
Consolidated total	0	0

Iron & Steel Products Segment

Gross profit for the three-month period ended June 30, 2012 was ¥8.9 billion, a decline of ¥3.0 billion from ¥11.9 billion for the corresponding three-month period of the previous year. The main cause of the decline was weaker demand and lower prices in emerging markets including Asia and sluggish domestic sales for construction.

Operating income for the three-month period ended June 30, 2012 was ¥0.1 billion, a decline of ¥3.6 billion from ¥3.7 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥0.1 billion, a decline of ¥0.2 billion from ¥0.3 billion for the corresponding three-month period of the previous year.

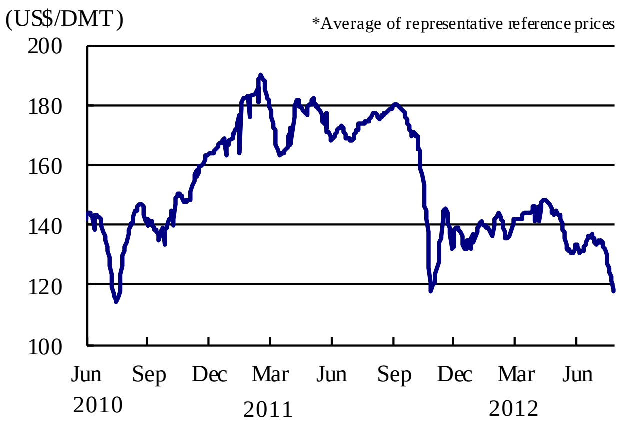
Net loss attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥1.9 billion, a decline of ¥4.3 billion from ¥2.4 billion of net income for the corresponding three-month period of the previous year. In addition to the above-mentioned factors, for the three-month period ended June 30, 2012, this segment recorded an impairment loss of ¥4.3 billion on listed securities in Nippon Steel Corporation reflecting the decline in share price.

Mineral & Metal Resources Segment

Gross profit for the three-month period ended June 30, 2012 was ¥41.0 billion, a decline of ¥13.9 billion from ¥54.9 billion for the corresponding three-month period of the previous year. The main factor behind the decline was the decrease in iron ore prices.

The majority of contract prices applied for products sold during the corresponding three-month period of the previous year was based on a daily average of spot reference pric during the three-month period starting from December 1, 2010 through February 28, 2011.

Iron Ore (Fine) CFR North China (Fe 62%)



However, reflecting the transition to a more diversified sales contract portfolio starting from the three-month period ended December 31, 2011, the majority of contract prices applied for products sold during the three-month period ended June 30, 2012 was based on pricing that reflects current spot reference prices, such as a daily average of spot reference prices for the current quarter of the shipment month and a daily average of spot reference prices for the shipment month.

Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥7.9 billion in gross profit reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume led by both the reversal effect of unseasonably wet weather for the corresponding three-month period of the previous year and the effect of incremental capacity. Mitsui-Itochu Iron Pty. Ltd. also recorded a decline of ¥4.8 billion due to the decline in iron ore prices.

Operating income for the three-month period ended June 30, 2012 was ¥32.8 billion, a decline of ¥16.9 billion from ¥49.7 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥23.6 billion, a decline of ¥18.4 billion from ¥42.0 billion for the corresponding three-month period of the previous year. Major factors were as follows:

- Valepar S.A. posted earnings of ¥11.4 billion, a decline of ¥13.1 billion from ¥24.5 billion for the corresponding three-month period of the previous year, mainly due to a reversal effect of the gain on divestiture of its aluminium assets and the decline in iron ore prices.
- Earnings at Robe River Mining Co. Pty. Ltd. (Australia) were ¥9.5 billion, a decline of ¥0.7 billion from ¥10.2 billion for the corresponding three-month period of the previous year, due to the decline in iron ore prices, which was partially offset by the positive effect of an increase in sales volume led by the reversal effect of unseasonably wet weather for the corresponding three-month period of the previous year.
- Compañía Minera Doña Inés de Collahuasi SCM (Chile) recorded earnings of ¥2.5 billion, a decline of ¥1.6 billion from ¥4.1 billion for the corresponding three-month period of the previous year mainly due to a decline in sales volume.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥30.3 billion, a decline of ¥29.6 billion from ¥59.9 billion for the corresponding three-month period of the previous year.

Machinery & Infrastructure Segment

Gross profit for the three-month period ended June 30, 2012 was ¥23.8 billion, an increase of ¥3.7 billion from ¥20.1 billion for the corresponding three-month period of the previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥0.6 billion in gross profit.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥1.7 billion in gross profit. Mining and construction machinery-related businesses in Americas achieved a solid performance.
- The Marine & Aerospace Business Unit reported an increase of ¥2.5 billion in gross profit due to a reversal effect of a loss allowance for vessels under construction recorded in the corresponding three-month period of the previous year.

Operating loss for the three-month period ended June 30, 2012 was ¥3.1 billion, an improvement of ¥1.3 billion from ¥4.4 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥7.0 billion, a decline of ¥8.2 billion from ¥15.2 billion for the corresponding three-month period of the previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥7.2 billion. Overseas power producers reported equity in earnings of ¥0.9 billion in total, a decline of ¥6.4 billion from ¥7.3 billion for the corresponding three-month period of the previous year. Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, declined by ¥6.1 billion to a loss of ¥3.9 billion from a gain of ¥2.2 billion for the corresponding three-month period of the previous year. The major cause of the decline was higher power prices in the United Kingdom for the three-month period ended June 30, 2012, and a rise in gas prices for the corresponding three-month period of the previous year.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥1.3 billion.

Automotive-related businesses in North America reported an increase.

- The Marine & Aerospace Business Unit reported a decline of ¥2.3 billion, reflecting a reversal effect of the gain on sales of an FPSO (Floating Production, Storage and Offloading vessel) at an FPSO leasing business recorded in the corresponding three-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥4.3 billion, a decline of ¥4.2 billion from ¥8.5 billion for the corresponding three-month period of the previous year.

Chemicals Segment

Gross profit for the three-month period ended June 30, 2012 was ¥14.6 billion, a decline of ¥5.4 billion from ¥20.0 billion for the corresponding three-month period of the previous year. This was mainly due to underperforming trading activities in petrochemical materials, as well as a decline in sales volume and ammonia prices at P.T. Kaltim Pasifik Amoniak.

Operating loss for the three-month period ended June 30, 2012 was ¥0.2 billion, a deterioration of ¥6.1 billion from operating income of ¥5.9 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥2.3 billion, an increase of ¥1.5 billion from ¥0.8 billion for the corresponding three-month period of the previous year. Compañía Minera Miski Mayo S.R.L. (Peru), in which Mitsui Bussan Fertilizer Resources B.V. (Netherland) invests, contributed to the increase due to higher sales volume and phosphate ore prices.

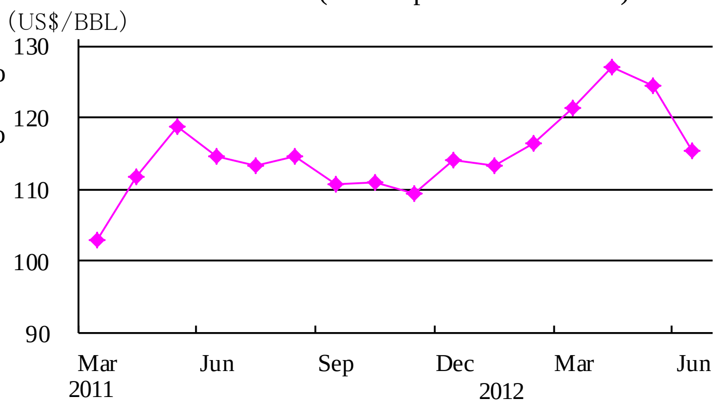
Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥1.1 billion, a decline of ¥3.7 billion from ¥4.8 billion for the corresponding three-month period of the previous year.

Energy Segment

The weighted average crude oil prices applied to our operating results for the three-month period ended June 30, 2012 and 2011 were estimated to be US$117 and US$97 per barrel, respectively.

Gross profit for the three-month period ended June 30, 2012 was ¥52.9 billion, an increase of ¥4.9 billion from ¥48.0 billion for the corresponding three-month period of the previous year primarily due to the following factors:

Crude Oil Price (JCC: Japan Crude Cocktail)



- Due to higher prices and increases in volume, Mitsui Oil Exploration Co., Ltd., Mitsui E&P Middle East B. V. and Mitsui E&P Australia Pty Limited reported increases of ¥7.8 billion, ¥4.8 billion and ¥4.2 billion, respectively.
- Mitsui Coal Holdings Pty. Ltd. reported a decline of ¥3.3 billion due to lower coal prices.

Operating income for the three-month period ended June 30, 2012 was ¥39.3 billion, an increase of ¥2.7 billion from ¥36.6 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥13.5 billion, a decline of ¥0.6 billion from ¥14.1 billion for the corresponding three-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥56.3 billion, an increase of ¥17.8 billion from ¥38.5 billion for the corresponding three-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin

II) were ¥28.5 billion in total, an increase of ¥15.8 billion from the corresponding three-month period of the previous year, due to an increase in dividends received from the Sakhalin II project.

- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution increased by approximately ¥3.0 billion from the corresponding three-month period of the previous year.
- For the three-month period ended June 30, 2012 and 2011, exploration expenses of ¥7.1 billion and ¥4.7 billion were recorded in other income-net, respectively.

Lifestyle Segment

Gross profit for the three-month period ended June 30, 2012 was ¥24.6 billion, a decline of ¥2.6 billion from ¥27.2 billion for the corresponding three-month period of the previous year.

- The Food Resources Business Unit reported an increase of ¥0.6 billion. Multigrain AG contributed to the increase as a result of its reclassification from associated company to subsidiary during the corresponding three-month period of the previous year. We consolidate Multigrain AG's results of operation on a three-month time lag.
- The Food Products & Services Business Unit recorded a decline of ¥2.5 billion, reflecting the reversal effect of mark-to-market valuation gains on commodity derivative contracts related to coffee for the corresponding three-month period of the previous year.
- The Consumer Service Business Unit reported a decline of ¥0.6 billion.

Operating loss for the three-month period ended June 30, 2012 was ¥2.6 billion, a decline of ¥5.7 billion from operating income of ¥3.1 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥4.5 billion, an increase of ¥3.9 billion from ¥0.6 billion for the corresponding three-month period of the previous year. For the corresponding three-month period of the previous year, this segment recorded equity in losses of associated companies of ¥1.2 billion from Multigrain AG as well as impairment losses on listed securities in Nippon Formula Feed Manufacturing Company Limited reflecting a decline in share price.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥2.5 billion, a decline of ¥2.4 billion from ¥4.9 billion for the corresponding three-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- This segment recorded a ¥1.9 billion gain related to equity dilution in IHH Healthcare Bhd. (Malaysia) (*), in which MBK Healthcare Partners Limited (United Kingdom) invests, due to the fact that IHH Healthcare Bhd. acquired a 60% stake in Acibadem Saglik Yatirimlari Holding, the holding company for a Turkish healthcare group, by a combination of cash payment and newly-issued shares and MBK Healthcare Partners Limited's stake in IHH Healthcare Bhd. was diluted from 30% to 26.63%.
- For the corresponding three-month period of the previous year, this segment recorded a ¥3.6 billion remeasurement gain due to the reclassification of Multigrain AG.

(*) IHH Healthcare Bhd. changed its name from Integrated Healthcare Holdings Sdn. Bhd. on April 20, 2012, and listed its shares on the Bursa Malaysia and Singapore Exchange on July 25, 2012.

Innovation & Cross Function Segment

Gross profit for the three-month period ended June 30, 2012 was ¥15.2 billion, an increase of ¥3.5 billion from ¥11.7 billion for the corresponding three-month period of the previous year.

- The IT Business Unit reported a decline of ¥0.1 billion.
- The Financial & New Business Unit reported an increase of ¥2.3 billion. Mitsui & Co. Commodity Risk Management Ltd. (United Kingdom) posted a decline due to underperforming derivatives trading. Gross profits corresponding to foreign exchange losses of ¥3.6 billion and foreign exchange gains of ¥0.4 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net were included in gross profit for the three-month period ended June 30, 2012 and for the corresponding three-month period of the previous year, respectively.
- The Transportation Logistics Business Unit reported an increase of ¥1.3 billion, mainly attributable to the gross profit of Portek International Private Limited (Singapore), which was newly acquired during

the three-month period ended September 30, 2011.

Operating loss for the three-month period ended June 30, 2012 was ¥3.3 billion, an improvement of ¥1.8 billion from ¥5.1 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥5.4 billion, an increase of ¥7.5 billion from equity in losses of ¥2.1 billion for the corresponding three-month period of the previous year. This segment recorded a ¥6.7 billion impairment loss on listed securities in Moshi Moshi Hotline, Inc., reflecting the decline in share price, for the three-month period ended June 30, 2011.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥3.4 billion, an increase of ¥2.4 billion from ¥1.0 billion for the corresponding three-month period of the previous year. In addition to the above-mentioned factors, for the three-month period ended June 30, 2012 and for the corresponding three-month period of the previous year, foreign exchange losses of ¥3.6 billion and foreign exchange profits of ¥0.4 billion, respectively, were posted in other expense-net in relation to the commodity derivatives trading business at Mitsui.

Americas Segment

Gross profit for the three-month period ended June 30, 2012 was ¥17.3 billion, a decline of ¥1.9 billion from ¥19.2 billion for the corresponding three-month period of the previous year. Novus International, Inc. (United States) posted a write-down on inventories of feed additives other than methionine.

Operating income for the three-month period ended June 30, 2012 was ¥3.3 billion, a decline of ¥3.5 billion from ¥6.8 billion for the corresponding three-month period of the previous year. In addition to the decline in gross profit, this segment reported an increase in provision for doubtful receivables.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥1.3 billion, a decline of ¥0.2 billion from ¥1.5 billion for the corresponding three-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥3.7 billion, a decline of ¥1.3 billion from ¥5.0 billion for the corresponding three-month period of the previous year.

Europe, the Middle East & Africa Segment

Gross profit for the three-month period ended June 30, 2012 was ¥3.7 billion, a decline of ¥0.1 billion from ¥3.8 billion for the corresponding three-month period of the previous year.

Operating loss for the three-month period ended June 30, 2012 was ¥0.9 billion, a deterioration of ¥0.3 billion from ¥0.6 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥0.1 billion, a decline of ¥0.4 billion from ¥0.5 billion for the corresponding three-month period of the previous year.

Net profit attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥0.0 billion, a decline of ¥0.7 billion from ¥0.7 billion for the corresponding three-month period of the previous year.

Asia Pacific Segment

Gross profit for the three-month period ended June 30, 2012 was ¥2.7 billion, a decline of ¥0.7 billion from ¥3.4 billion for the corresponding three-month period of the previous year.

Operating loss for the three-month period ended June 30, 2012 was ¥1.0 billion, a deterioration of ¥0.9 billion from ¥0.1 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended June 30, 2012 was ¥2.1 billion, an increase of ¥0.9 billion from ¥1.2 billion for the corresponding three-month period of the previous year.

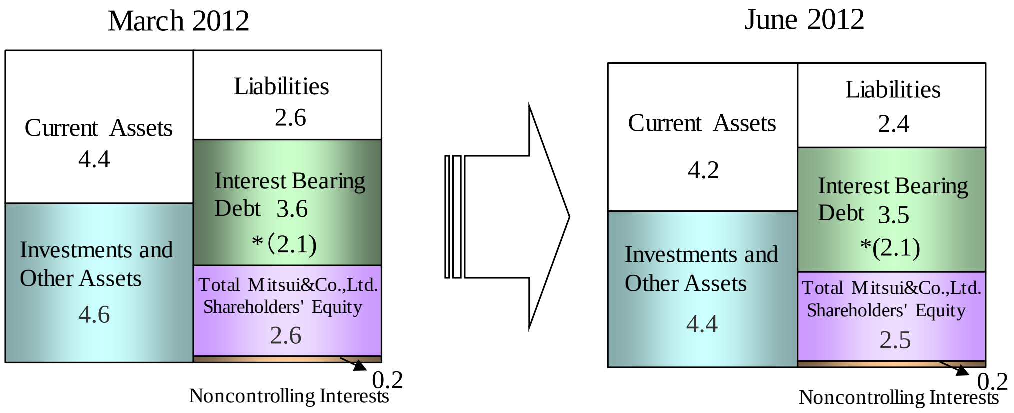
Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 was ¥8.9 billion, a decline of ¥3.1 billion from ¥12.0 billion for the corresponding three-month period of the previous year. In addition to the above-mentioned factors, this segment recorded earnings from the segment's minority interest in Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd., earnings which were lower due to declines in the prices of iron ore and coal.

(3) Financial Condition and Cash Flows

1) Assets, Liabilities and Shareholders' Equity

Total assets as of June 30, 2012 were ¥8,648.5 billion, a decline of ¥363.3 billion from ¥9,011.8 billion as of March 31, 2012.

(Trillions of yen)



Total Assets	¥9.0 trillion
Total Mitsui&Co.,Ltd Shareholders' Equity	¥2.6 trillion
Net DER	0.81 times

Total Assets	¥8.6 trillion
Total Mitsui&Co.,Ltd Shareholders' Equity	¥2.5 trillion
Net DER	0.84 times

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

Total current assets as of June 30, 2012 were ¥4,215.3 billion, a decline of ¥211.0 billion from ¥4,426.3 billion as of March 31, 2012. Trade receivables decreased by ¥192.3 billion, including declines at the Energy, the Machinery & Infrastructure and the Iron & Steel Products segments mainly attributable to the decline in sales volume. Cash and cash equivalents declined by ¥52.2 billion. Meanwhile, inventories increased by ¥30.1 billion due to a seasonal inventory increase in Multigrain AG and higher inventory levels of precious metals.

Total current liabilities as of June 30, 2012 declined by ¥57.6 billion to ¥2,566.4 billion from ¥2,624.0 billion as of March 31, 2012. Trade payables declined by ¥87.3 billion mainly at the Energy and the Machinery & Infrastructure segments corresponding to the decline in trade receivables. Meanwhile, current maturities of long-term debt increased by ¥45.5 mainly at Multigrain AG and Mitsui.

As a result, working capital, or current assets less current liabilities, as of June 30, 2012 totaled ¥1,648.9 billion, a decline of ¥153.4 billion from ¥1,802.3 billion as of March 31, 2012.

The sum of "total investments and non-current receivables," "net property and equipment," "intangible assets, less accumulated amortization," "deferred tax assets-non-current," and "other assets" as of June 30, 2012 totaled ¥4,433.2 billion, a decline of ¥152.3 billion from ¥4,585.5 billion as of March 31, 2012, mainly due to the following factors:

Total of investments and non-current receivables as of June 30, 2012 was ¥3,035.8 billion, a decline of ¥155.9 billion from ¥3,191.7 billion as of March 31, 2012.

Within this category, investments in and advances to associated companies as of June 30, 2012 was ¥1,655.4 billion, a decline of ¥53.7 billion from ¥1,709.1 billion as of March 31, 2012. Major factors included net increases in equity earnings of ¥28.1 billion (net of ¥32.0 billion in dividends received from associated companies) as well as a decline of ¥104.6 billion resulting from a foreign exchange translation adjustment of foreign investments due to the appreciation of the Japanese yen. Meanwhile, an additional investment in Japan Australia LNG (MIMI) Pty. Ltd. (Australia) resulted in an increase of ¥8.0 billion.

Other investments as of June 30, 2012 were ¥719.0 billion, a decline of ¥73.5 billion from ¥792.5 billion as of March 31, 2012. This was mainly due to a ¥47.1 billion net decline in unrealized holding gains on available-for-sale securities, such as those of INPEX Corporation, reflecting a srop in stock markets and a decline of ¥8.8 billion due to the recognition of impairment in investments.

Net property and equipment as of June 30, 2012 totaled ¥1,267.8 billion, an increase of ¥11.9 billion from ¥1,255.9 billion as of March 31, 2012. Major components included an increase of ¥17.3 billion (including a foreign exchange translation loss of ¥5.5 billion) at Marcellus and Eagle Ford shale gas/oil projects in the United States.

Long-term debt less current maturities as of June 30, 2012 was ¥2,774.1 billion, a decline of ¥124.1 billion from ¥2,898.2 billion as of March 31, 2012. This was mainly due to reclassification to current maturities at Mitsui, Multigrain AG and Mitsui & Co. (U.S.A.), Inc.

Total Mitsui & Co., Ltd. shareholders’ equity as of June 30, 2012 was ¥2,535.3 billion, a decline of ¥106.0 billion from ¥2,641.3 billion as of March 31, 2012. The major component of the decline was a net decline of ¥124.1 billion in foreign currency translation adjustments mainly due to depreciation of the Australian dollar and Brazilian real against the Japanese yen, and a net decline of ¥35.1 billion in unrealized holding gains on available-for-sale securities. Meanwhile, retained earnings increased by ¥53.3 billion.

As a result, the equity-to-asset ratio (*1) as of June 30, 2012 was 29.3%, equal to the level of March 31, 2012. Net interest-bearing debt, or interest-bearing debt less cash and cash equivalents and time deposits as of June 30, 2012 was ¥2,138.5 billion, a decline of ¥4.3 billion from ¥2,142.8 billion as of March 31, 2012. The net debt-to-equity ratio (*2) as of June 30, 2012 was 0.84 times, 0.03 points higher compared to 0.81 times as of March 31, 2012.

(*1) Taking into consideration comparability with other trading companies in Japan, in this flash report we define the equity-to-asset ratio as the ratio of total Mitsui & Co., Ltd. shareholders’ equity to total assets.

(*2) We refer to Net Debt-to-Equity Ratio (“Net DER”) in this quarterly securities report. Net DER is comprised of “net interest-bearing debt” divided by total Mitsui & Co., Ltd. shareholders’ equity.
“Net interest-bearing debt” is defined as interest-bearing debt less cash and cash equivalents and time deposits. Our interest-bearing debt consists primarily of long-term debt less current maturities, which are not readily repayable. In order to flexibly meet capital requirements and to prepare for future debt-service requirements in case of unforeseen deterioration in the financial markets, we currently hold a relatively high level of cash and cash equivalents reflecting current financial market conditions and future capital requirements.
Under this policy, Net DER is a useful internal measure for our management to review the balance between:
1. our capacity to meet debt repayments; and
2. leverage to improve return on equity in our capital structure.

This measure does not recognize the fact that cash and cash equivalents and time deposits may not be completely available for debt repayment, but cash and cash equivalents and time deposits may be required for operational needs including certain contractual obligations or capital expenditures.

		Billions of Yen		
		End of Mar. 2012		End of Jun. 2012
Short-term debt	¥	307.1	¥	330.2
Long-term debt	¥	3,270.9	¥	3,192.4
Interest bearing debt	¥	3,578.0	¥	3,522.6
Less cash and cash equivalents and time deposits	¥	(1,435.2)	¥	(1,384.1)
Net interest bearing debt	¥	2,142.8	¥	2,138.5
Total Mitsui&Co.,Ltd. Shareholders' equity	¥	2,641.3	¥	2,535.3
Net DER (times)		0.81		0.84

2) Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities for the three-month period ended June 30, 2012 was ¥134.0 billion, an increase of ¥51.2 billion from ¥82.8 billion for the corresponding three-month period of the previous year. Major components of net cash provided by operating activities were our operating income of ¥72.0 billion, dividend income of ¥57.6 billion, including dividends received from associated companies, and net cash inflow of ¥13.7 billion from a decline in working capital, or changes in operating assets and liabilities.

Compared with the corresponding three-month period of the previous year, while operating income declined by ¥16.6 billion and dividend income declined by ¥5.5 billion, net cash flow from increases and decreases in working capital improved by ¥78.0 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the three-month period ended June 30, 2012 was ¥108.8 billion, a decline of ¥54.5 billion from ¥163.3 billion for the corresponding three-month period of the previous year. The net cash used in investing activities consisted of:

- Net outflows of cash that corresponded to investments in and advances to associated companies (net of sales of investments in and collection of advances to associated companies) were ¥16.9 billion. The major cash outflows were an additional investment in Japan Australia LNG (MIMI) Pty. Ltd. for ¥8.0 billion and investments in and loans to FPSO (Floating Production, Storage and Offloading vessel) leasing businesses for Brazilian deepwater oil exploration for ¥7.7 billion.
- Net inflows of cash that corresponded to other investments (net of sales and redemption of other investments) were ¥4.5 billion.
- Net inflows of cash that corresponded to long-term loan receivables (net of collection) were ¥6.8 billion.
- Net outflows of cash relating to purchases of property leased to others and property and equipment (net of sales of those assets) were ¥101.9 billion. Major expenditures included:

  - Marcellus and Eagle Ford shale gas/oil projects in the United States for ¥26.0 billion;
  - Iron ore mining projects in Australia for ¥24.8 billion;
  - Oil and gas projects other than the shale gas/oil projects for a total of ¥22.9 billion; and
  - Leased rolling stock for ¥10.6 billion.

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the three-month period ended June 30, 2012 was a net inflow of ¥25.2 billion.

Cash Flows from Financing Activities

For the three-month period ended June 30, 2012, net cash used in financing activities was ¥56.3 billion, an increase in net outflow of ¥78.3 billion from net cash provided by financing activities of ¥22.0 billion for the corresponding three-month period of the previous year. The cash outflows from payments of cash dividends were ¥51.1 billion. The net cash outflow from the borrowing of long-term debt was ¥35.3 billion and the net cash inflow from the borrowing of short-term debt was ¥32.1 billion.

In addition to the changes discussed above, there was a decline in cash and cash equivalents of ¥21.1 billion due to foreign exchange translation; as a result, cash and cash equivalents as of June 30, 2012 totaled ¥1,378.9 billion, a decline of ¥52.2 billion from ¥1,431.1 billion as of March 31, 2012.

(4) Management Issues

There is no significant change in our management issues which were described in our Annual Securities Report for the year ended March 31, 2012.
We maintain our forecast for net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2013 of ¥400.0 billion announced together with the results of fiscal year ended March 31, 2012. No updates have been made to this forecast.

(5) Research & Development

Research and development (“R&D”) expenses were insignificant for the three-month period ended June 30, 2012.

3. Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
June 30, 2012 and March 31, 2012

	Millions of Yen	
	June 30, 2012	**March 31, 2012**
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1 and 3)	¥ 1,378,941	¥ 1,431,112
Time deposits	5,205	4,130
Marketable securities (Notes 1, 3 and 14)	297	1,087
Trade receivables (Notes 4 and 5):		
Notes and loans, less unearned interest	288,443	322,585
Accounts	1,444,136	1,616,191
Associated companies	129,400	116,885
Allowance for doubtful receivables (Note 1)	(16,472)	(17,860)
Inventories (Notes 1, 5, 11 and 12)	545,873	515,758
Advance payments to suppliers	135,798	129,987
Deferred tax assets—current (Note 1)	39,100	37,513
Derivative assets (Notes 1, 12 and 14)	57,747	53,664
Other current assets	206,815	215,271
Total current assets	4,215,283	4,426,323
Investments and Non-current Receivables (Notes 1 and 5):		
Investments in and advances to associated companies (Notes 3, 4, 9 and 14)	1,655,413	1,709,082
Other investments (Notes 3 and 14)	718,986	792,492
Non-current receivables, less unearned interest (Notes 4, 12 and 14)	429,470	454,191
Allowance for doubtful receivables (Note 4)	(35,148)	(36,840)
Property leased to others—at cost, less accumulated depreciation	267,058	272,746
Total investments and non-current receivables	3,035,779	3,191,671
Property and Equipment—at Cost (Notes 1, 5 and 14):		
Land, land improvements and timberlands	201,955	202,834
Buildings, including leasehold improvements	397,199	401,451
Equipment and fixtures	1,310,956	1,306,754
Mineral rights	153,919	158,967
Vessels	41,651	42,539
Projects in progress	177,482	152,789
Total	2,283,162	2,265,334
Accumulated depreciation	(1,015,377)	(1,009,451)
Net property and equipment	1,267,785	1,255,883
Intangible Assets, less Accumulated Amortization (Notes 1 and 14)	102,909	110,307
Deferred Tax Assets—Non-current (Note 1)	15,261	15,626
Other Assets	11,481	12,013
Total	¥ 8,648,498	¥ 9,011,823

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
June 30, 2012 and March 31, 2012

	Millions of Yen	
	June 30 2012	**March 31 2012**
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt (Note 5)	¥ 330,245	¥ 307,132
Current maturities of long-term debt (Notes 5 and 12)	418,246	372,657
Trade payables:		
Notes and acceptances	47,965	53,308
Accounts	1,273,507	1,342,343
Associated companies	97,153	110,289
Accrued expenses:		
Income taxes (Note 1)	63,908	73,111
Interest	14,024	16,619
Other	90,937	93,266
Advances from customers	98,554	106,787
Derivative liabilities (Notes 1, 12 and 14)	50,983	65,262
Other current liabilities (Notes 1 and 10)	80,844	83,256
Total current liabilities	2,566,366	2,624,030
Long-term Debt, less Current Maturities (Notes 5 and 12)	2,774,129	2,898,218
Accrued Pension Costs and Liability for Severance Indemnities (Note 1)	55,584	55,799
Deferred Tax Liabilities—Non-current (Note 1)	234,549	283,614
Other Long-term Liabilities (Notes 1, 10, 12 and 14)	265,407	289,352
Contingent Liabilities (Notes 5 and 10)		
Equity (Note 7):		
Mitsui & Co., Ltd. Shareholders' equity:		
Common stock—no par value		
Authorized, 2,500,000,000 shares;		
Issued, 1,829,153,527 shares at June 30, 2012 and 1,829,153,527 shares at March 31, 2012	341,482	341,482
Capital surplus	429,388	430,491
Retained earnings:		
Appropriated for legal reserve	68,873	65,500
Unappropriated	2,242,469	2,192,494
Accumulated other comprehensive income (loss) (Note 1):		
Unrealized holding gains and losses on available-for-sale securities (Note 3)	55,409	90,476
Foreign currency translation adjustments (Note 12)	(504,595)	(380,457)
Defined benefit pension plans	(66,497)	(68,163)
Net unrealized gains and losses on derivatives (Note 12)	(25,047)	(24,302)
Total accumulated other comprehensive loss	(540,730)	(382,446)
Treasury stock, at cost: 4,205,374 shares at June 30, 2012 and 4,204,441 shares at March 31, 2012	(6,204)	(6,203)
Total Mitsui & Co., Ltd. shareholders' equity	2,535,278	2,641,318
Noncontrolling interests (Note 1)	217,185	219,492
Total equity	2,752,463	2,860,810
Total	¥ 8,648,498	¥ 9,011,823

See notes to consolidated financial statements

Statements of Consolidated Income and Comprehensive Income (Loss)

Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended June 30, 2012 and 2011

Statements of Consolidated Income

	Millions of Yen	
	Three-Month Period Ended June 30, 2012	**Three-Month Period Ended June 30, 2011**
Revenues (Notes 1, 9, 12 and 14):		
Sales of products	¥ 1,051,990	¥ 1,157,235
Sales of services	91,351	89,591
Other sales	36,438	33,629
Total revenues	1,179,779	1,280,455
Total Trading Transactions (Note 1): Three-month period ended June 30, 2012, ¥2,495,597 million; Three-month period ended June 30, 2011, ¥2,593,136 million		
Cost of Revenues (Notes 1, 9, 12 and 14):		
Cost of products sold	925,226	1,014,247
Cost of services sold	38,643	34,214
Cost of other sales	13,971	15,001
Total cost of revenues	977,840	1,063,462
Gross Profit	201,939	216,993
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 6)	125,403	126,017
Provision for doubtful receivables (Notes 1 and 4)	4,544	2,400
Interest income (Notes 1, 4 and 12)	(6,707)	(9,393)
Interest expense (Notes 1 and 12)	10,690	9,998
Dividend income	(35,397)	(21,501)
Gain on sales of securities—net (Notes 1, 2, 3, 7 and 12)	(5,758)	(13,257)
Loss on write-down of securities (Notes 1, 3 and 14)	11,333	3,517
(Gain) loss on disposal or sales of property and equipment—net	(1,274)	121
Impairment loss of long-lived assets (Notes 1 and 14)	3	361
Other expenses (income)—net (Notes 10 and 12)	11,161	(972)
Total other expenses (income)	113,998	97,291
Income before Income Taxes and Equity in Earnings	87,941	119,702
Income Taxes (Note 1)	36,102	50,715
Income before Equity in Earnings	51,839	68,987
Equity in Earnings of Associated Companies—Net (Notes 9 and 14)	60,095	74,190
Net Income before Attribution of Noncontrolling Interests	111,934	143,177
Net Income Attributable to Noncontrolling Interests	(7,487)	(10,479)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 104,447	¥ 132,698
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	57.23	72.72
Diluted	-	72.72

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income (Loss)

	Millions of Yen	
	Three-Month Period Ended June 30, 2012	**Three-Month Period Ended June 30, 2011**
Comprehensive Income (Loss) (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 111,934	¥ 143,177
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7)**:**		
Unrealized holding losses on available-for-sale securities (Note 3)	(38,794)	(10,237)
Foreign currency translation adjustments (Note 12)	(129,216)	(17,556)
Defined benefit pension plans	1,664	895
Net unrealized (losses) gains on derivatives (Note 12)	(743)	1,201
Total Other Comprehensive Loss (after income tax effect)	(167,089)	(25,697)
Comprehensive (Loss) Income before Attribution of Noncontrolling Interests	(55,155)	117,480
Comprehensive Loss (Income) Attributable to Noncontrolling Interests (Note 7)	1,318	(7,167)
Comprehensive (Loss) Income Attributable to Mitsui & Co., Ltd.	¥ (53,837)	¥ 110,313

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended June 30, 2012 and 2011

	Millions of Yen	
	Three-Month Period Ended June 30, 2012	**Three-Month Period Ended June 30, 2011**
Operating Activities:		
Net income before attribution of noncontrolling interests	¥ 111,934	¥ 143,177
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	40,168	32,838
Pension and severance costs, less payments	3,094	3,172
Provision for doubtful receivables	4,544	2,400
Gain on sales of securities—net	(5,758)	(13,257)
Loss on write-down of securities	11,333	3,517
(Gain) Loss on disposal or sales of property and equipment—net	(1,274)	121
Impairment loss of long-lived assets	3	361
Deferred income taxes	(5,842)	7,349
Equity in earnings of associated companies, less dividends received	(37,868)	(32,551)
Changes in operating assets and liabilities:		
Decrease in trade receivables	153,170	49,516
Increase in inventories	(45,726)	(80,464)
Decrease in trade payables	(73,917)	(65,932)
(Decrease) Increase in accrued expenses	(13,091)	15,391
Decrease in advance payments to suppliers	5,017	11,335
Decrease in advances from customers	(14,425)	(8,226)
Other—net	2,666	14,087
Net cash provided by operating activities	134,028	82,834
Investing Activities:		
Net (increase) decrease in time deposits	(1,324)	628
Investments in and advances to associated companies	(29,375)	(104,365)
Sales of investments in and collection of advances to associated companies	12,523	21,878
Acquisitions of other investments and businesses —net of cash acquired (Note 2)	(15,423)	(42,118)
Proceeds from sales and maturities of other investments	19,911	35,624
Increase in long-term loan receivables	(21,270)	(27,265)
Collection of long-term loan receivables	28,087	33,264
Additions to property leased to others and property and equipment	(104,893)	(83,094)
Proceeds from sales of property leased to others and property and equipment	2,999	2,122
Net cash used in investing activities	(108,765)	(163,326)
Financing Activities:		
Net increase (decrease) in short-term debt	32,087	(14,626)
Proceeds from long-term debt	66,266	131,295
Repayments of long-term debt	(101,598)	(43,661)
Transactions with noncontrolling interests shareholders	(1,978)	(1,767)
Purchases of treasury stock—net	(1)	(4)
Payments of cash dividends	(51,111)	(49,286)
Net cash (used in) provided by financing activities	(56,335)	21,951
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(21,099)	(4,591)
Net Decrease in Cash and Cash Equivalents	(52,171)	(63,132)
Cash and Cash Equivalents at Beginning of Period	1,431,112	1,441,059
Cash and Cash Equivalents at End of Period	¥ 1,378,941	¥ 1,377,927

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui & Co., Ltd. (the "Company") is incorporated and principally operates.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). Effect has been given in the consolidated financial statements to adjustments which have not been entered in the companies' general books of account maintained principally in accordance with accounting practices prevailing in the countries of incorporation. Major adjustments include those relating to accounting for derivative instruments and hedging activities, accounting for certain investments including non-monetary exchange of investments and effects of changes in foreign currency exchange rates on foreign-currency-denominated available-for-sale debt securities, accounting for pension costs and severance indemnities, accounting for consolidation, accounting for business combinations, accounting for goodwill and other intangible assets, accounting for consolidation of variable interest entities, accounting for leasing, accounting for stock issuance costs, accounting for uncertainty and change of rate in income taxes, and accounting for subsequent events.

Total trading transactions, as presented in the accompanying Statements of Consolidated Income, are voluntary disclosures, and represent the gross transaction volume as the aggregate nominal value of the sales contracts in which the companies act as a principal and the commissions in which the Company and certain subsidiaries serve as an agent.

Total trading transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues, or as an indicator of the companies' operating performance, liquidity or cash flows generated by operating, investing or financing activities. The companies have included the gross transaction volume information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that total trading transactions are a useful supplement to the results of operations information for users of the consolidated financial statements.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned domestic and foreign subsidiaries, the variable interest entities ("VIEs") where the Company or one of its subsidiaries is a primary beneficiary, and its proportionate share of the assets, liabilities, revenues and expenses of certain of its oil and gas producing, and mining unincorporated joint ventures in which the companies own an undivided interest in the assets, and pursuant to the joint venture agreements, are severally liable for their share of each liability. The VIEs are defined by Accounting Standard Codification ("ASC") 810, "Consolidation."

The difference between the cost of investments in VIEs which are not a business and the equity in the fair value of the net assets at the dates of acquisition is accounted for as a gain or loss while the excess of the cost of investments in other subsidiaries that meet the definition of a business over the equity in the fair value of the net assets at the dates of acquisition is accounted for as goodwill.

Changes in the companies' ownership interests while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are remeasured at their fair value at that date and the difference between the fair value and the carrying amount of the retained noncontrolling investments is recognized as a gain or loss in net income attributable to Mitsui & Co., Ltd.

Certain subsidiaries with a first-quarter-end on or after March 31, but prior to the parent company's first-quarter-end of June 30, are included on the basis of the subsidiaries' respective first-quarter-ends.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and associated companies are translated into Japanese yen at the respective period-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at period-end exchange rates with the resulting gains and losses recognized in earnings.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value including certificates of deposit, time deposits, financing bills and commercial papers with original maturities of three months or less.

Allowance for credit losses

The companies have loans and trade receivables relating to businesses with corporate customers ("corporate business") and financial business with retail customers ("retail finance business").

If the debtor is under litigation or if there is significant difficulty in collecting receivables considering the debtor's financial condition, an allowance for credit loss of the doubtful receivables which are deemed to be impaired. The allowance is based on the latest information of the debtor and is measured individually based on the present value of expected cash flows discounted with the original effective interest rate of the loan or the fair value of the collateral if the loan is collateral dependent.

Other than the cases above, as for the corporate businesses, an allowance for credit losses is measured collectively based primarily upon the companies' historical credit loss experiences and an evaluation of the potential losses for all receivables. As for the retail finance business, some subsidiaries engaged in the business of providing financial services for the purchase of automobiles and motorcycles have credit risks relating to retail customers. Those subsidiaries record an allowance for doubtful receivables collectively based on each subsidiaries' historical credit loss ratio based on dates past due of the receivables considering the current economic situation.

Loans or trade receivables are charged-off when certain conditions are met. The following are the cases loans and trade receivables are charged-off: cutoff of loans and receivables by legal liquidation, obtainment of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.

Inventories

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on a specific-identification basis, or market.

Derivative instruments and hedging activities

In accordance with ASC 815, "Derivatives and Hedging," all derivative instruments are recognized and measured at fair value as either assets or liabilities in the Consolidated Balance Sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation. On the Consolidated Balance Sheets, the companies offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.

The companies enter into derivative commodity instruments, such as future, forward, option and swap contracts, as a means of hedging the exposure to changes in the fair value of inventories and unrecognized firm commitments and the exposure to variability in the expected future cash flows from forecasted transactions, principally for non-ferrous metals, crude oil and agricultural products.

Changes in the fair value of derivative commodity instruments, designated and effective as fair value hedges, are recognized in sales of products or cost of products sold as offsets to changes in the fair value of the hedged items. Changes in the fair value of derivative commodity instruments, designated and effective as cash flow hedges, are initially recorded as other comprehensive income (loss) and reclassified into earnings as sales of products or cost of products sold when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in sales of products or cost of products sold immediately.

Changes in the fair value of derivative commodity instruments, for which hedge requirements are not met, are currently recognized in sales of products, cost of products sold or other sales without any offsetting changes in the fair value of the hedged items.

The Company and certain subsidiaries also enter into agreements for derivative commodity instruments as a part of their trading activities. These derivative instruments are marked to market and gains or losses resulting from these contracts are reported in other sales.

Changes in the fair value of all open positions of precious metals traded in terminal (future) markets are recognized in other sales in order to reflect the fair value of commodity trading transactions consisting of inventories, unrecognized firm commitments and derivative commodity instruments as a whole.

The companies enter into derivative financial instruments such as interest rate swap agreements, foreign exchange forward contracts, currency swap agreements, and interest rate and currency swap agreements as a means of hedging their interest rate and foreign exchange exposure.

Changes in the fair value of interest rate swap agreements, designated and effective as fair value hedges for changes in the fair value of fixed-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are recognized in interest income and expense as offsets to changes in the fair value of hedged items. Changes in the fair value of interest rate swap agreements, designated and effective as cash flow hedges for changes in the cash flows of floating-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as interest income and expense when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in interest income and expense immediately.

Changes in the fair value of foreign exchange forward contracts and currency swap agreements, designated and effective as cash flow hedges for changes in the cash flows of foreign-currency-denominated assets or liabilities, unrecognized firm commitments and forecasted transactions attributable to changes in the related foreign currency exchange rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as mainly sales of products or other (income) expense-net when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in mainly other (income) expense-net immediately.

Changes in the fair value of interest rate and currency swap agreements, designated and effective as fair value hedges or cash flow hedges for changes in the fair values or cash flows of foreign-currency-denominated assets or liabilities attributable to changes in the designated benchmark interest rate or the related foreign currency exchange rate are recorded as either earnings or other comprehensive income depending on the treatment of foreign currency hedges as fair value hedges or cash flow hedges.

Changes in the fair value of derivative financial instruments, for which hedge requirements are not met, are currently recognized in interest income and expense for interest rate swap agreements and in mainly other (income) expense-net for foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements.

The Company and certain subsidiaries also enter into agreements for certain derivative financial instruments as a part of their trading activities. These derivative instruments are marked to market and the related gains or losses are reported in other sales.

The companies use derivative instruments and non-derivative financial instruments in order to reduce the foreign currency exposure in the net investment in a foreign operation. The foreign currency transaction gains or losses on these instruments, designated as and effective as hedging instruments, are deferred and recorded as foreign currency translation adjustments within other comprehensive income (loss) to the extent they are effective as hedges. These amounts are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

For the Statements of Consolidated Cash Flows, cash flows from derivative commodity instruments and derivative financial instruments that qualify for hedge accounting are included in the same category as the items being hedged.

Debt and marketable equity securities

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading.

Securities are classified as trading securities and carried at fair value only if the companies possess those securities for the purpose of purchase and sale. Unrealized holding gains and losses are included in earnings.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premiums and discounts amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with related unrealized holding gains and losses reported in accumulated other comprehensive income (loss) in equity on a net-of-tax basis.

For an other-than-temporary decline in the value of debt and marketable equity securities below their cost or amortized cost, the investment is reduced to its fair value, which becomes the new cost basis of the investment. The amount of the reduction is reported as a loss for the period in which such determination is made. Whether the decline in the value of marketable equity securities is other-than-temporary is judged by reviewing various factors, such as the extent by which the cost exceeds the market value, the duration of the market decline, the financial condition and near-term prospects of the issuer, foreign exchange rates, and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. Debt securities are reduced to their fair value, when the companies intend to sell the debt security or it is more likely than not that the companies will be required to sell the security prior to recovery of its amortized cost basis. When the companies do not intend to sell the security and it is not more likely than not that the companies will be required to sell the security before recovery of its amortized cost basis, the companies will recognize the credit component of an other-than-temporary impairment of the debt security in earnings and the noncredit component in other comprehensive income (loss).

The cost of debt and marketable securities sold is determined based on the moving-average cost method.

Non-marketable equity securities

Non-marketable equity securities are carried at cost. When an other-than-temporary decline in the value of such securities below their cost occurs, the investment is reduced to its fair value and an impairment loss is recognized. Various factors, such as the financial condition and near-term prospects of the issuer, are reviewed to judge whether it is other-than-temporary.

The cost of non-marketable equity securities sold is determined based on the moving-average cost method.

Investments in associated companies

Investments in associated companies (20% to 50%-owned corporate investees, corporate joint ventures, and less than 20%-owned corporate investees over which the companies have the ability to exercise significant influence) and noncontrolling investments in general partnerships, limited partnerships and limited liability companies are accounted for under the equity method, after appropriate adjustments for intercompany profits and dividends. The differences between the cost of such investments and the companies' equity in the underlying fair value of the net assets of associated companies at the dates of acquisition are recognized as equity method goodwill.

For an other-than-temporary decline in the value of investments in associated companies below the carrying amount, the investment is reduced to its fair value and an impairment loss is recognized.

Leasing

The companies are engaged in lease financing consisting of direct financing leases, sales-type leases and leveraged leases, and in operating leases of properties. For direct financing leases and sales-type leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Income on leveraged leases is recognized over the life of the lease at a constant rate of return on the positive net investment. Income from the sales under sales-type leases is recognized at the inception of lease. Initial direct costs of direct financing leases and leveraged leases are deferred and amortized using the interest method over the lease period. Operating lease income is recognized as other sales over the term of underlying leases on a straight-line basis.

The companies are also lessees of various assets. Rental expenses on operating leases are recognized over the respective lease terms using the straight-line method.

Property and equipment

Property and equipment are stated at cost.

Depreciation of property and equipment (including property leased to others) is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related property and equipment. Mineral rights are amortized over their respective estimated useful lives, using the straight-line method or the unit-of-production method.

Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and betterments are charged to expense as incurred.

Impairment of long-lived assets

Long-lived assets to be held and used or to be disposed of other than by sale are reviewed, by using undiscounted future cash flows, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Such impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

Business combinations

In accordance with ASC 805, "Business Combinations," the acquisition method of accounting which requires the measurement of the fair value of all of the assets and liabilities of an acquired company, including noncontrolling interests, is used for all business combinations from April 1, 2009. The companies separately recognize and report acquired intangible assets as goodwill or other intangible assets. Any excess of fair value of acquired net assets over cost arising from a business combination is recognized as a gain from a bargain purchase. In a business combination achieved in stages, its previously held equity interest is remeasured at its acquisition-date fair value and the resulting gains or losses are recognized in earnings.

Goodwill and other intangible assets

Goodwill is not amortized but tested for impairment annually or more frequently if impairment indicators arise. Identifiable intangible assets with a finite useful life are amortized over their respective estimated useful lives and reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment." Any identifiable intangible asset determined to have an indefinite useful life is not amortized, but instead tested for impairment in accordance with ASC 350, "Intangibles-Goodwill and Other," until its useful life is determined to be no longer indefinite.

Equity method goodwill is reviewed for impairment as part of an other-than-temporary decline in the value of investments in associated companies below the carrying amount in accordance with ASC 323, "Investments-Equity Method and Joint Ventures."

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed, if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

In accordance with ASC 360, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed annually for impairment in accordance with ASC 932-360-35-11, "Extractive Activities-Oil and Gas—Unproved Properties," with any impairment charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on undiscounted future net cash flow approach, as well as taking into consideration various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as "stripping costs." During the development of a mine, before production commences, such costs are generally capitalized as part of the development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs of products sold in the same period as the related revenues from the sales of the minerals. Depending on the configuration of the mineral deposits, the post-production stripping costs could lead to a lower of cost or market inventory adjustment.

Asset retirement obligations

The companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

Pension and severance indemnities plans

The Company and certain subsidiaries have defined benefit pension plans and severance indemnities plans. The costs of defined benefit pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the Consolidated Balance Sheets. The net actuarial gain or loss and net prior service cost or credit are included in accumulated other comprehensive income (loss) in equity on a net-of-tax basis and are amortized into net periodic pension costs over the certain future periods.

Guarantees

In accordance with ASC 460, "Guarantees," the companies recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee.

Revenue recognition

The companies recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies:

Sales of products

Sales of products include the sales of various products as a principal in the transactions, the manufacture and sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise, the development of natural resources such as coal, iron ore, oil and gas, and the development and sale of real estate. The companies recognize those revenues at the time the delivery conditions agreed with customers are met. These conditions are usually considered to have been met when the goods are received by the customer, the title to the warehouse receipts is transferred, or the implementation testing is duly completed.

For long-term construction contracts such as railroad projects, depending on the nature of the contract, revenues are accounted for by the percentage-of-completion method if estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, otherwise the companies use the completed contract method.

The Company and certain subsidiaries enter into buy/sell arrangements, mainly relating to transactions of crude oil and petroleum products. Under buy/sell arrangements, which are entered into primarily to optimize supply or demand requirements, the Company and certain subsidiaries agree to buy (sell) a specific quality and quantity of commodities to be delivered at a specific location and/or time while agreeing to sell (buy) the same quality and quantity of the commodities to be delivered at a different location and/or time to the same counterparty. The buy/sell arrangements are reported on a net basis in the Statements of Consolidated Income.

Sales of services

Sales of services include the revenues from trading margins and commissions related to various trading transactions in which the companies act as a principal or an agent. Specifically, the companies charge a commission for the performance of various services such as logistic and warehouse services, information and communication services, and technical support. For some back-to-back sales and purchase transactions of products, the companies act as a principal and record the net amount of sales and purchase prices as revenues. The companies also facilitate conclusion of the contracts between manufacturers and customers and deliveries for the products between suppliers and customers. Revenues from service related businesses are recorded as revenues when the contracted services are rendered to third-party customers pursuant to the agreements.

Other sales

Other sales principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, equipment and others, the revenues from derivative commodity instruments and derivative financial instruments held for trading purposes, and the revenues from financing. See accounting policies for leasing and derivative instruments and hedging activities for the revenue recognition policies regarding leasing and derivative transactions, respectively.

Research and development expenses

Research and development costs are charged to expenses when incurred.

Advertising expenses

Advertising costs are charged to expenses when incurred.

Income taxes

Income tax expense is calculated based on reported earnings before income taxes and equity in earnings of associated companies. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes, tax loss carryforwards and tax credit carryforwards. These deferred taxes are measured using the currently enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

Upon the introduction of the Australian Mineral Resource Rent Tax Act and Expansion of the Petroleum Resource Rent Tax Act, companies are allowed to elect to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use the market value approach can obtain a deduction for the amortization of the market value of the project. As we plan to apply the market value approach, and the Mineral Resource Rent Tax and Petroleum Resource Rent Tax are regarded as an income tax subject to tax effect accounting in accordance with ASC 740 “Income Taxes,” we recorded deferred tax assets for the operating assets based on the difference in the book values for accounting purposes and tax purposes (the market values as of May 1, 2010 based on our best estimation), and apply a valuation allowance for the portion we judged could not be realized in consideration of several tax deductible items such as royalties and the impact of future augmentation which will be incurred on tax losses carried forward in the Mineral Resource Rent Tax and Petroleum Resource Rent Tax.

In accordance with ASC 740, “Income Taxes,” the companies recognize and measure uncertainty in income taxes. Interests and penalties incurred in relation to income taxes are reported in current income taxes in the Statements of Consolidated Income.

Net income per share

Basic net income per share attributable to Mitsui & Co., Ltd. is computed by dividing net income attributable to Mitsui & Co., Ltd. by the weighted-average number of common shares outstanding for the period. Diluted net income per share attributable to Mitsui & Co., Ltd. reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

Subsequent events

The Company has evaluated subsequent events by August 13, 2012.

III. RECLASSIFICATION

Certain reclassifications and format changes have also been made to amounts for the three-month period ended June 30 2011 to conform to the current period presentation.

IV. NEW ACCOUNTING STANDARDS

Testing goodwill for impairment

Effective April 1, 2012, the companies adopted the new provisions in ASC350 which the FASB issued as ASU 2011-08, "Testing Goodwill for Impairment."

ASU2011-08 amends the provisions in ASC350 and permits the companies not to calculate the fair value of the reporting unit unless it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a result of qualitative approach.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Presentation of comprehensive income
Effective April 1, 2012, the companies adopted the new provisions in ASC220, "Comprehensive Income," which the FASB issued as ASU 2011-05, "Presentation of Comprehensive Income," and ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05."

ASU2011-05 amends the provisions in ASC 220 and requires net income and other comprehensive income to be presented either in a single continuous statement or in two separate but consecutive statements. ASU2011-12 defers the application of provisions amended by ASU2011-05 for the presentation of reclassification of items out of accumulated other comprehensive income.

The adoption of these provisions had no impact on the companies' financial position and results of operations.

V. DISCONTINUED OPERATIONS

The companies have the policy of presenting the results of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line in the Statements of Consolidated Income under income or loss from discontinued operations—net (after income tax effect). The figures of discontinued operations for the three-month periods ended June 30, 2012 and 2011 were not reclassified due to their immateriality to the companies' financial position and results of operations.

2. BUSINESS COMBINATIONS

For the three-month period ended June 30, 2012

No material business combinations were completed during the three-month period ended June 30, 2012.

The adjustment that recognized for the three-month period ended June 30, 2012, and that relate to business combinations that occurred in the previous reporting periods is as follows:

Portek International Limited

On July 13, 2011, the Company announced a voluntary conditional cash offer ("Offer") for all shares of Portek International Limited ("Portek"), and submitted the Offer to Singapore Exchange Securities Trading Limited. The Offer price was Singapore $1.4 per share. The Company acquired 100% of its shares for a total consideration of ¥13,741 million (Singapore $214 million) on September 26, 2011.

Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of medium sized container and multipurpose ports in areas such as Asia, Africa, and Europe. The Company acquired Portek to expand the Company's logistics infrastructure and network in emerging countries.

The Company was in the process of determining its purchase price allocation, and recorded provisional amounts for assets acquired and liabilities assumed as at March 31, 2012. The process of determining its purchase price allocation was completed in the three-month period ended June 30, 2012. The following table summarizes the acquisition-date fair values of such assets and liabilities recorded at June 30, 2012, and March 31, 2012.

	Millions of Yen	
	June 30, 2012	March 31, 2012
Current assets	¥ 5,275	¥ 5,275
Property and equipment	2,453	2,453
Intangible assets	11,134	14,523
Investments and other assets	4,750	2,310
Total assets acquired	23,612	24,561
Current liabilities	(3,269)	(3,269)
Long-term liabilities	(3,713)	(4,662)
Total liabilities assumed	(6,982)	(7,931)
Noncontrolling interests	(2,889)	(2,889)
Net assets acquired	¥ 13,741	¥ 13,741

For the three-month period ended June 30, 2011

Multigrain AG

The Company entered into a definitive agreement to acquire 44.2% of Multigrain AG ("MAG") shares held by CHS Inc. through its subsidiary CHSIH SARL, and 9.7% of MAG shares held by PMG Trading AG on March 17, 2011 and April 28, 2011, respectively. The Company acquired these shares for a total consideration of ¥22,068 million (U.S. $274 million) on May 6, 2011. As a result of these acquisitions, MAG became a wholly owned subsidiary of the Company from an associated company. The Company remeasured its previously held equity interest to fair value, ¥18,095 million (U.S. $225 million), based on the amounts paid to acquire these additional shares, and recognized a gain of ¥3,557 million. The gain is included in gain on sales of securities—net in the Statements of Consolidated Income for the three-month period ended June 30, 2011.

MAG is involved in agricultural production, especially grain production, in Brazil, and in grain trading. The Company acquired additional shares in MAG in order to strengthen its agricultural production and grain trading business in Brazil, and to secure a stable supply of grain from Brazil to Asia and other markets.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 60,346
Property and equipment	55,759
Intangible assets	4,853
Investments and other assets	9,381
Total assets acquired	130,339
Current liabilities	(75,049)
Long-term liabilities	(15,127)
Total liabilities assumed	(90,176)
Net assets acquired	¥ 40,163

Accounts receivable recorded at fair value is included in current assets in the table above, and the fair value was measured by deducting allowance for doubtful receivables of ¥1,179 million from the contractual amounts of ¥8,340 million.

¥687 million and ¥4,166 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Lifestyle segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

A net decrease in cash and cash equivalents of ¥21,870 million arising from this business combination is included in acquisitions of subsidiaries—net of cash acquired in the Statements of Consolidated Cash Flows for the three-month period ended June 30, 2011.

3. *MARKETABLE SECURITIES AND OTHER INVESTMENTS*

Debt and marketable equity securities

At June 30, 2012 and March 31, 2012, the cost, fair value and gross unrealized holding gains and losses on available-for-sale securities and the amortized cost, fair value and gross unrealized holding gains and losses on held-to-maturity debt securities were as follows:

	Millions of Yen				
			Unrealized holding gains (losses)		
	Cost	Fair value	Gains	Losses	Net
June 30, 2012:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 210,451	¥ 319,820	¥ 114,142	¥ (4,773)	¥ 109,369
Marketable equity securities (Non-Japan)	12,611	35,467	23,253	(397)	22,856
Preferred stock that must be redeemed	57,858	43,051	693	(15,500)	(14,807)
Government bonds	15	15	0	—	0
Other securities	64	64	0	—	0
March 31, 2012:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 218,015	¥ 370,506	¥ 155,245	¥ (2,754)	¥ 152,491
Marketable equity securities (Non-Japan)	14,767	41,637	27,072	(202)	26,870
Preferred stock that must be redeemed	63,412	55,523	1,363	(9,252)	(7,889)
Government bonds	20	20	0	—	0
Other securities	460	460	0	—	0

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
June 30, 2012:					
Held-to-maturity debt securities	¥ 2,527	¥ 2,527	¥ 0	—	¥ 0
March 31, 2012:					
Held-to-maturity debt securities	¥ 2,364	¥ 2,364	¥ 0	—	¥ 0

At June 30, 2012 and March 31, 2012, the companies did not hold available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the Consolidated Balance Sheets.

At June 30, 2012 and March 31, 2012, the fair value and gross unrealized holding losses on available-for-sale securities, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions, were as follows:

	Millions of Yen			
	Less than 12 months		12 months or more	
	Fair value	Unrealized holding losses	Fair value	Unrealized holding losses
June 30, 2012:				
Available-for-sale:				
Marketable equity securities	¥ 45,996	¥ (5,170)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 35,974	¥ (15,500)
Total	¥ 45,996	¥ (5,170)	¥ 35,974	¥ (15,500)
March 31, 2012:				
Available-for-sale:				
Marketable equity securities	¥ 19,389	¥ (2,956)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 47,709	¥ (9,252)
Total	¥ 19,389	¥ (2,956)	¥ 47,709	¥ (9,252)

The companies' investments in available-for-sale securities in an unrealized holding loss position consisted primarily of marketable equity securities and preferred stock that must be redeemed. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market. The companies evaluated the near-term prospects of the issuers of the equity securities in relation to the severity and duration of impairment. Based on that evaluation and the companies' ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the companies did not consider these investments to be other-than-temporarily impaired at June 30, 2012.

The unrealized losses on preferred stock that must be redeemed were due to a devaluation of foreign currencies against the yen in the foreign exchange market. For the currently redeemable portion of the preferred stock, losses on write-down were recognized to reflect the devaluation of foreign currencies considered to be other-than-temporary. For the non-current portion, the companies evaluated the prospects of the foreign exchange market for the period of maturity of the stock. Based on that evaluation, the companies did not consider this portion to be other-than-temporarily impaired at June 30, 2012.

For the three-month periods ended June 30, 2012 and 2011 losses of ¥9,540 million and ¥2,009 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The portion of net trading gains and losses for the three-month periods that relates to trading securities still held at June 30, 2012 and 2011 didn't exist.

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the three-month periods ended June 30, 2012 and 2011 were as follows:

	Millions of Yen	
	2012	**2011**
Proceeds from sales	¥ 7,285	¥ 8,860
Gross realized gains	¥ 1,751	¥ 3,343
Gross realized losses	(1)	(62)
Net realized gains	¥ 1,750	¥ 3,281

Debt securities classified as available-for-sale and held-to-maturity at June 30, 2012 mature as follows:

	Millions of Yen			
	Available-for-sale		Held-to-maturity	
	Amortized cost	Aggregate fair value	Amortized cost	Aggregate fair value
Contractual maturities:				
Within 1 year	¥ 6,175	¥ 6,825	¥ 129	¥ 129
After 1 year through 5 years	51,762	36,305	82	82
After 5 years through 10 years	—	—	—	—
After 10 years	—	—	2,316	2,316
Total	¥ 57,937	¥ 43,130	¥ 2,527	¥ 2,527

The actual maturities may differ from the contractual maturities shown above because certain issuers may have the right to redeem debt securities before their maturity.

Investments other than debt and marketable equity securities

Investments other than investments in debt and marketable equity securities consisted primarily of non-marketable equity securities and non-current time deposits and amounted to ¥ 360,848 million and ¥378,027 million at June 30, 2012 and March 31 2012, respectively. The estimation of the corresponding fair values at those dates was not practicable, as the fair value for the individual non-marketable securities held by the companies was not readily determinable at each balance sheet date.

Investments in non-marketable equity securities are carried at cost; however, if the fair value of an investment has declined and such decline is judged to be other-than-temporary, the investment is written down to its estimated fair value. Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥1,793 million and ¥1,508 million for the three-month periods ended June 30, 2012 and 2011, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥313,523 million and ¥326,136 million at June 30, 2012 and March 31 2012, respectively.

4. *FINANCING RECEIVABLES AND RELATED ALLOWANCES*

Portfolio segment

The financing receivables below are mainly loans and long-term receivables for the purpose of providing financing other than short term receivables. The amounts of recorded investment in financing receivables defined in ASC 310 and the analysis of the change in the related allowances as of June 30, 2012 and 2011, were as follows.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Three month period ended June 30, 2012:			
Related Allowances			
Balance at March 31, 2012	¥ 33,951	¥ 9,625	¥ 43,576
Credits charged off	(485)	(3,059)	(3,544)
Provision for doubtful receivables	2,159	3,075	5,234
Others	14	(652)	(638)
Balance at June 30, 2012	¥ 35,639	¥ 8,989	¥ 44,628
Allowances Collectively Evaluated	1,039	2,378	3,417
Allowances Individually Evaluated	34,600	6,611	41,211
Financing Receivables			
Balance at June 30, 2012	¥ 415,605	¥ 120,550	¥ 536,155
Financing Receivables with Allowances Collectively Evaluated	356,187	109,520	465,707
Financing Receivables with Allowances Individually Evaluated	59,418	11,030	70,448

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts and the effect of changes in foreign exchange rates.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Three month period ended June 30, 2011:			
Related Allowances			
Balance at March 31, 2011	¥ 42,693	¥ 7,210	¥ 49,903
Credits charged off	(2,993)	(1,864)	(4,857)
Provision for doubtful receivables	(414)	2,978	2,564
Others	1,186	(70)	1,116
Balance at June 30, 2011	¥ 40,472	¥ 8,254	¥ 48,726
Allowances Collectively Evaluated	1,396	2,361	3,757
Allowances Individually Evaluated	39,076	5,893	44,969
Financing Receivables			
Balance at June 30, 2011	¥ 427,120	¥ 129,471	¥ 556,591
Financing Receivables with Allowances Collectively Evaluated	361,825	120,188	482,013
Financing Receivables with Allowances Individually Evaluated	65,295	9,283	74,578

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, reclassification to discontinued operation, transfer from other accounts and the effect of changes in foreign exchange rates.

Credit quality indicators

The companies engaged in businesses with corporate customers ("corporate businesses") assess and monitor financing receivables every quarter by classifying the receivables into two categories, performing financing receivables and nonperforming financing receivables. Certain receivables are classified as nonperforming financing receivables in accordance with an internal guideline for managing receivables. Receivables from counterparties that meet any of the following conditions are classified as nonperforming financing receivables.

1) Counterparties who have filed a petition for liquidation, adjustments, rehabilitation or reorganization under the Bankruptcy Act.

2) Counterparties experiencing suspension or discontinuance of business, as well as those who have found it impossible or extremely difficult to fulfill their payments or deliveries, due to deficits in equity or insolvency for a considerable period without prospects for business improvement, also those who have suffered from tremendous losses due to natural disasters, sudden changes of economic conditions, or similar catastrophes.

3) Counterparties from which amounts due have been outstanding for more than one year.

Companies engaged in financial business with retail customers ("retail finance business") assess and monitor financing receivables every quarter by dates past due.

The amounts of recorded investments in financing receivables of the companies engaged in corporate businesses classified by Credit Quality Indicators were as follows. As for the financing receivables of the companies engaged in the retail finance business, refer to the table of Financing Receivables by Dates Past Due.

Balance at June 30, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Performing	¥ 29,861	¥ 232,234	¥ 2,336	¥ 32,672	¥ 11,002
Nonperforming	3,037	12,831	6,482	3,325	2,341
Total	¥ 32,898	¥ 245,065	¥ 8,818	¥ 35,997	¥ 13,343

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing	¥ 3,252	¥ 62,529	¥ 373,886
Nonperforming	4,526	9,177	41,719
Total	¥ 7,778	¥ 71,706	¥ 415,605

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Performing	¥ 25,566	¥ 233,005	¥ 843	¥ 27,698	¥ 11,589
Nonperforming	3,272	12,404	6,781	3,446	2,355
Total	¥ 28,838	¥ 245,409	¥ 7,624	¥ 31,144	¥ 13,944

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing	¥ 2,330	¥ 71,306	¥ 372,337
Nonperforming	4,729	9,540	42,527
Total	¥ 7,059	¥ 80,846	¥ 414,864

During the three-month period ended June 30, 2012, the classification of corporate businesses areas has been changed in consideration of the evolution of companies' portfolio strategy. In accordance with this change, balance at March 31, 2012, has been reclassified to conform to the current presentation.

Corporate Businesses are mainly classified into the following business areas.
Metals: Iron & Steel Products, Mineral & Metal Resources,
Machinery & Infrastructure: Infrastructure Projects, Motor Vehicles & Construction Machinery, Marine & Aerospace
Chemicals: Chemical
Energy: Energy
Lifestyle: Foods Resources, Food Product & Services, Consumer Service
Innovation & Cross Function: IT, Financial & New Business, Transportation Logistics

Financing receivables by dates past due

The amounts of recorded investments in financing receivables classified by dates past due were as follows:

Balance at June 30, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	**Machinery & Infrastructure**	**Chemicals**	**Energy**	**Lifestyle**
Less than 90 days (including not past due)...	¥ 29,183	¥ 232,117	¥ 6,220	¥ 28,815	¥ 11,734
90 days or more	3,715	12,948	2,598	7,182	1,609
Total..............................	¥ 32,898	¥ 245,065	¥ 8,818	¥ 35,997	¥ 13,343
90 days or more past due and accruing	—	—	¥ 181	—	—

	Millions of Yen		
	Innovation & Cross Function	**Others**	**Total**
Performing.......................	¥ 4,876	¥ 67,323	¥ 380,268
Nonperforming	2,902	4,383	35,337
Total...........................	¥ 7,778	¥ 71,706	¥ 415,605
90 days or more past due and accruing	—	—	¥ 181

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)..........	¥ 105,532
30-89 days past due	5,120
90-179 days past due	3,820
180-359 days past due	5,054
360 days or more past due	1,024
Total.......................................	¥ 120,550

As for the companies engaged in retail finance business, the recorded investments of financing receivables of 90 days or more past due and accruing was considered minor.

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Less than 90 days (including not past due)...	¥ 24,887	¥ 234,808	¥ 5,075	¥ 27,696	¥ 12,317
90 days or more	3,951	10,601	2,549	3,448	1,627
Total...............................	¥ 28,838	245,409	¥ 7,624	¥ 31,144	¥ 13,944
90 days or more past due and accruing	—	—	¥ 200	—	—

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing.......................	¥ 3,960	¥ 76,246	¥ 384,989
Nonperforming	3,099	4,600	29,875
Total............................	¥ 7,059	¥ 80,846	¥ 414,864
90 days or more past due and accruing	—	—	¥ 200

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)..........	¥ 118,671
30-89 days past due	5,701
90-179 days past due	4,058
180-359 days past due	5,110
360 days or more past due	1,124
Total..	¥ 134,664

As for the companies engaged in retail finance business, the recorded investment of financing receivables of 90 days or more past due and accruing was considered minor.

Impaired financing receivables

The amounts of recorded investments in the impaired financing receivables were as follows.

Balance at June 30, 2012:
Corporate Businesses

	Millions of Yen							
	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 11,694	¥ 3,877	¥ 13,499	¥ 9,940	¥ 4,334	¥ 3,967	¥ 7,186	¥ 3,632
Without allowance for credit losses	21	—	454	—	507	—	—	—
Total	¥ 11,715	¥ 3,877	¥ 13,953	¥ 9,940	¥ 4,841	¥ 3,967	¥ 7,186	¥ 3,632

	Millions of Yen							
	Lifestyle		Innovation & Cross Function		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 2,890	¥ 2,862	¥ 4,200	¥ 3,563	¥ 15,518	¥ 6,759	¥ 59,321	¥ 34,600
Without allowance for credit losses	81	—	340	—	1,270	—	2,673	—
Total	¥ 2,971	¥ 2,862	¥ 4,540	¥ 3,563	¥ 16,788	¥ 6,759	¥ 61,994	¥ 34,600

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses	¥ 11,030	¥ 6,611
Without allowance for credit losses	—	—
Total	¥ 11,030	¥ 6,611

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal.
Interest income recognized on impaired financing receivables was considered minor.

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen							
	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 11,593	¥ 4,083	¥ 11,792	¥ 9,716	¥ 4,583	¥ 4,196	¥ 3,446	¥ 3,047
Without allowance for credit losses	—	—	633	—	548	—	—	—
Total	¥ 11,593	¥ 4,083	¥ 12,425	¥ 9,716	¥ 5,131	¥ 4,196	¥ 3,446	¥ 3,047

	Millions of Yen							
	Lifestyle		Innovation & Cross Function		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 2,957	¥ 2,892	¥ 4,287	¥ 3,653	¥ 10,075	¥ 5,078	¥ 48,733	¥ 32,665
Without allowance for credit losses	84	—	454	—	1,183	—	2,902	—
Total	¥ 3,041	¥ 2,892	¥ 4,741	¥ 3,653	¥ 11,258	¥ 5,078	¥ 51,635	¥ 32,665

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses..................	¥ 11,157	¥ 6,851
Without allowance for credit losses..................	—	—
Total....................................	¥ 11,157	¥ 6,851

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal. Interest income recognized on impaired financing receivables was considered minor.

The average investments in the impaired financing receivables were as follows.

Three month period ended June 30, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 11,654	¥ 13,189	¥ 4,986	¥ 5,316	¥ 3,006	¥ 4,641	¥ 14,023	¥ 56,815	¥ 11,094

Three month period ended June 30, 2011:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 20,721	¥ 14,528	¥ 6,657	¥ 4,146	¥ 6,689	¥ 4,794	¥ 13,266	¥ 70,802	¥ 8,707

Financing receivables on nonaccrual status

The companies recognize interest income on the accrual-basis. However, for companies engaged in corporate businesses, interest on impaired financing receivables is primarily recognized on a cash basis. For companies engaged in retail finance business, interest is recognized on a cash basis after a specified period without payment of interest. The companies resume the accrual of interest earnings only after the full amount of contractually outstanding interest has been collected.

The amounts of the recorded investments in financing receivables on nonaccrual status were as follows.

Balance at June 30, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 3,936	¥ 25,296	¥ 4,841	¥ 7,186	¥ 2,971	¥ 4,540	¥ 16,788	¥ 65,558	¥ 11,030

Balance at March 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 4,129	¥ 23,996	¥ 5,131	¥ 3,446	¥ 3,002	¥ 4,741	¥ 11,259	¥ 55,704	¥ 11,157

Troubled Debt Restructurings

The companies classify receivables as troubled debt restructurings (“TDRs”) as the receivables which: 1) had their conditions modified through the conclusion of an agreement for deferred payment or reduction of interest and 2) are considered outstanding from borrowers which are experiencing financial difficulty. For receivables classified as TDRs, the companies measure the allowance for doubtful accounts in consideration of the fair value of collateral and risk of changes in future cash flow due to an extension of the due date.

The following table provides information on loans and financing receivables modified as TDRs within the retail finance business due to an extension of the due date during the three month period ended June 30, 2012 and 2011.

Millions of Yen			
Three month period ended June 30, 2012		Three month period ended June 30, 2011	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 3,850	¥ 3,578	¥ 2,976	¥ 2,861

The increase in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the three month period ended June 30, 2012 and 2011 was considered minor. As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

The amounts of financing receivables modified as TDRs after April 1, 2011 and subsequently defaulted during the three month period ended June 30, 2011 for both the corporate businesses and the retail finance business were considered minor.
The amounts of financing receivables modified as TDRs after April 1, 2011 and subsequently defaulted during the three month period ended June 30, 2012 for both the corporate businesses and the retail finance business were considered minor.

5. PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL

Pledged assets

At June 30, 2012 and March 31, 2012, the following assets (exclusive of assets covered by trust receipts discussed below) were pledged as collateral for certain liabilities of the companies:

	Millions of Yen	
	June 30, 2012	March 31, 2012
Trade receivables (current and non-current)	¥ 72,291	¥ 76,286
Inventories	16,446	9,716
Investments	194,833	194,900
Property leased to others (net book value)	21,096	23,446
Property and equipment (net book value)	55,139	57,093
Other	16,857	17,332
Total	¥ 376,662	¥ 378,773

The distribution of such collateral among short-term debt, long-term debt, and financial guarantees and other was as follows:

	Millions of Yen	
	June 30, 2012	March 31, 2012
Short-term debt	¥ 14,286	¥ 9,871
Long-term debt	152,164	157,840
Financial guarantees and other	210,212	211,062
Total	¥ 376,662	¥ 378,773

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts.

In addition to the above, the Companies has bank borrowings under certain provisions of loan agreements which require the Companies, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements.

Financial assets accepted as collateral

At June 30, 2012 and March 31, 2012, the fair values of financial assets that the companies accepted as collateral for trade receivables and that they are permitted to sell or repledge consisted of the following:

	Millions of Yen	
	June 30, 2012	March 31, 2012
Bank deposits	¥ 980	¥ 883
Trade receivables—accounts	2,531	2,031
Stocks and bonds	4,696	4,993

There were no financial assets repledged or accepted as collateral under security repurchase agreements at June 30, 2012 and March 31, 2012.

6. PENSION COSTS AND SEVERANCE INDEMNITIES

Net periodic pension costs of the companies' defined benefit pension plans for the three-month periods ended June 30, 2012 and 2011 included the following components:

	Millions of Yen	
	Three-month period ended June 30, 2012	**Three-month period ended June 30, 2011**
Service cost – benefits earned during the period	¥ 2,406	¥ 2,130
Interest cost on projected benefit obligation	1,425	1,577
Expected return on plan assets	(1,835)	(1,977)
Amortization of prior service cost	16	12
Amortization of net actuarial loss	2,727	2,410
Settlement loss	7	-
Net periodic pension costs	¥ 4,746	¥ 4,152

7. *EQUITY*

Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests

During the three-month periods ended June 30, 2012 and 2011, changes in Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests were as follows:

	Millions of Yen		
	Three-month period ended June 30, 2012		
	Mitsui & Co., Ltd. shareholders' equity	**Noncontrolling interests**	**Total equity**
Balance at beginning of period………………………………	¥ 2,641,318	¥ 219,492	¥ 2,860,810
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(51,099)	—	(51,099)
Dividends paid to noncontrolling interest shareholders	—	(7,153)	(7,153)
Comprehensive income (loss):			
Net income..	104,447	7,487	111,934
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities..	(35,067)	(3,727)	(38,794)
Foreign currency translation adjustments	(124,138)	(5,078)	(129,216)
Defined benefit pension plans...	1,666	(2)	1,664
Net unrealized (losses) gains on derivatives………..……..	(745)	2	(743)
Total..	(53,837)	(1,318)	(55,155)
Sales and purchases of treasury stock	(1)	—	(1)
Equity transactions with noncontrolling interest shareholders and other……………………………..………..……………..	(1,103)	6,164	5,061
Balance at end of period	¥2,535,278	¥ 217,185	¥2,752,463

	Millions of Yen		
	Three-month period ended June 30, 2011		
	Mitsui & Co., Ltd. shareholders' equity	**Noncontrolling interests**	**Total equity**
Balance at beginning of period………………………………	¥ 2,366,192	¥ 187,142	¥ 2,553,334
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(49,267)	—	(49,267)
Dividends paid to noncontrolling interest shareholders	—	(3,870)	(3,870)
Comprehensive income (loss):			
Net income..	132,698	10,479	143,177
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities..	(8,934)	(1,303)	(10,237)
Foreign currency translation adjustments	(15,453)	(2,103)	(17,556)
Defined benefit pension plans...	894	1	895
Net unrealized gains on derivatives………..……………..	1,108	93	1,201
Total..	110,313	7,167	117,480
Sales and purchases of treasury stock	(4)	—	(4)
Equity transactions with noncontrolling interest shareholders and other……………………………..………..……………..	(104)	1,728	1,624
Balance at end of period	¥2,427,130	¥ 192,167	¥2,619,297

Equity transactions with noncontrolling interest shareholders

During the three-month periods ended June 30, 2012 and 2011, changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders were as follows:

	Millions of Yen	
	Three-month period ended	
	June 30, 2012	**June 30, 2011**
Increase in noncontrolling interests due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests, and contributions from noncontrolling interest shareholders	¥ 5,288	¥2,029
Increase in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	741	105

Increase in noncontrolling interests related to newly consolidated entities

During the three-month periods ended June 30, 2012 and 2011, no material noncontrolling interests were recorded in "Equity transactions with noncontrolling interest shareholders and other" attributable to the noncontrolling interests related to newly consolidated subsidiaries.

Gains recorded due to the deconsolidation of subsidiaries

During the three-month periods ended June 30, 2012 and 2011, gains and losses recorded due to the deconsolidation of subsidiaries were immaterial.

8. NET INCOME ATTRIBUTABLE TO MITSUI & CO., LTD. PER SHARE

The following is a reconciliation of basic net income attributable to Mitsui & Co., Ltd. per share to diluted net income attributable to Mitsui & Co., Ltd. per share for the three-month periods ended June 30, 2012 and 2011:

	Three-Month Period Ended June 30, 2012			**Three-Month Period Ended June 30, 2011**		
	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	¥104,447	1,824,949	¥57.23	¥132,698	1,824,828	¥72.72
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	–	–		3	–	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	–	–	–	¥132,701	1,824,828	¥72.72

Note: Diluted net income attributable to Mitsui & Co., Ltd. per share for the period ended June 30, 2012 is not disclosed because there are no dilutive potential shares.

9. SEGMENT INFORMATION

Three-month period ended June 30, 2012 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 45,364	¥ 133,698	¥ 76,694	¥ 171,811	¥ 349,388	¥ 182,747	¥ 42,474
Gross Profit	¥ 8,946	¥ 40,969	¥ 23,760	¥ 14,634	¥ 52,882	¥ 24,554	¥ 15,204
Operating Income (Loss)	¥ 83	¥ 32,787	¥ (3,062)	¥ (216)	¥ 39,344	¥ (2,648)	¥ (3,291)
Equity in Earnings of Associated Companies—Net	¥ 84	¥ 23,602	¥ 7,020	¥ 2,305	¥ 13,504	¥ 4,548	¥ 5,435
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ (1,932)	¥ 30,333	¥ 4,340	¥ 1,144	¥ 56,276	¥ 2,454	¥ 3,373
Total Assets at June 30, 2012	¥ 499,114	¥ 1,020,991	¥ 1,235,643	¥ 642,336	¥ 1,551,187	¥ 1,216,654	¥ 557,091
Investments in and advances to associated companies at June 30, 2012	¥ 24,341	¥ 506,417	¥ 347,712	¥ 68,902	¥ 148,876	¥ 206,196	¥ 134,541
Depreciation and amortization	¥ 423	¥ 3,873	¥ 2,576	¥ 1,919	¥ 21,841	¥ 2,653	¥ 2,080
Additions to property leased to others and property and equipment	¥ 831	¥ 24,872	¥ 11,870	¥ 1,619	¥ 55,260	¥ 2,863	¥ 1,531

Three-month period ended June 30, 2012 :	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 137,548	¥ 24,280	¥ 15,298	¥ 1,179,302	¥ 477	¥ 0	¥ 1,179,779
Gross Profit	¥ 17,309	¥ 3,721	¥ 2,710	¥ 204,689	¥ 209	¥ (2,959)	¥ 201,939
Operating Income (Loss)	¥ 3,250	¥ (850)	¥ (1,018)	¥ 64,379	¥ (1,227)	¥ 8,840	¥ 71,992
Equity in Earnings of Associated Companies—Net	¥ 1,263	¥ 67	¥ 2,118	¥ 59,946	—	¥ 149	¥ 60,095
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ 3,657	¥ 36	¥ 8,856	¥ 108,537	¥ (170)	¥ (3,920)	¥ 104,447
Total Assets at June 30, 2012	¥ 430,537	¥ 87,639	¥ 290,090	¥ 7,531,282	¥ 2,929,465	¥ (1,812,249)	¥ 8,648,498
Investments in and advances to associated companies at June 30, 2012	¥ 38,925	¥ 7,030	¥ 132,280	¥ 1,615,220	¥ 338	¥ 39,855	¥ 1,655,413
Depreciation and amortization	¥ 1,341	¥ 218	¥ 96	¥ 37,020	¥ 79	¥ 3,069	¥ 40,168
Additions to property leased to others and property and equipment	¥ 4,237	¥ 174	¥ 67	¥ 103,324	¥ —	¥ 1,569	¥ 104,893

Three-month period ended June 30, 2011(As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 46,566	¥ 150,470	¥ 70,034	¥ 254,243	¥ 365,054	¥ 169,824	¥ 39,244
Gross Profit	¥ 11,876	¥ 54,932	¥ 20,131	¥ 19,981	¥ 47,998	¥ 27,165	¥ 11,693
Operating Income (Loss)	¥ 3,726	¥ 49,675	¥ (4,390)	¥ 5,902	¥ 36,631	¥ 3,138	¥ (5,122)
Equity in Earnings (Losses) of Associated Companies—Net	¥ 301	¥ 42,017	¥ 15,175	¥ 823	¥ 14,105	¥ 586	¥ (2,072)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 2,425	¥ 59,946	¥ 8,458	¥ 4,826	¥ 38,473	¥ 4,906	¥ 991
Total Assets at June 30, 2011	¥ 488,728	¥ 1,058,009	¥ 1,343,999	¥ 660,669	¥ 1,457,009	¥ 1,158,843	¥ 630,225
Investments in and advances to associated companies at June 30, 2011	¥ 22,475	¥ 540,991	¥ 351,301	¥ 57,073	¥ 144,220	¥ 196,664	¥ 156,801
Depreciation and amortization	¥ 545	¥ 3,800	¥ 2,394	¥ 1,820	¥ 16,356	¥ 2,166	¥ 1,930
Additions to property leased to others and property and equipment	¥ 150	¥ 12,330	¥ 16,464	¥ 2,458	¥ 43,175	¥ 2,389	¥ 450

Three-month period ended June 30, 2011(As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 132,069	¥ 34,599	¥ 17,818	¥ 1,279,921	¥ 535	¥ (1)	¥ 1,280,455
Gross Profit	¥ 19,235	¥ 3,848	¥ 3,421	¥ 220,280	¥ 232	¥ (3,519)	¥ 216,993
Operating Income (Loss)	¥ 6,810	¥ (618)	¥ (60)	¥ 95,692	¥ (1,267)	¥ (5,849)	¥ 88,576
Equity in Earnings (Losses) of Associated Companies—Net	¥ 1,512	¥ 485	¥ 1,232	¥ 74,164	—	¥ 26	¥ 74,190
Net Income Attributable to Mitsui & Co., Ltd	¥ 4,994	¥ 718	¥ 11,978	¥ 137,715	¥ 1,827	¥ (6,844)	¥ 132,698
Total Assets at June 30, 2011	¥ 423,453	¥ 109,555	¥ 262,194	¥ 7,592,684	¥ 2,818,112	¥(1,682,788)	¥ 8,728,008
Investments in and advances to associated companies at June 30, 2011	¥ 37,481	¥ 1,942	¥ 124,235	¥ 1,633,183	¥ 204	¥ 39,879	¥ 1,673,266
Depreciation and amortization	¥ 1,452	¥ 201	¥ 121	¥ 30,785	¥ 82	¥ 1,971	¥ 32,838
Additions to property leased to others and property and equipment	¥ 2,852	¥ 584	¥ 391	¥ 81,243	¥ 598	¥ 1,253	¥ 83,094

Notes: (1) "All Other" includes business activities which primarily provide services, such as financing services and operations services to external customers and/or to the companies and associated companies. Total assets of "All Other" at June 30, 2012 and 2011 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of certain subsidiaries related to the above services.

(2) Transfers between operating segments are made at cost plus a markup.

(3) Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable operating segments, and eliminations of intersegment transactions.
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the three-month period ended June 30, 2012 includes ¥5,772 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (the amount is after income tax effects).
Net Income Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the three-month period ended June 30, 2011 includes (a) ¥5,485 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥926 million for pension related items, and (c) ¥356 million (profit) related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (all amounts are after income tax effects).

(4) During the three-month period ended June 30, 2012, the companies changed the headquarters' cost allocation system from partial allocation to full allocation to the operating segments in order to make business judgments which reflect the current cost structure. The effect of this change was a decrease in the Operating Income (Loss) and the Net Income (Loss) Attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2012 as follows:

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Operating Income (Loss)	¥ (481)	¥ (2,710)	¥ (1,865)	¥ (1,139)	¥ (2,571)	¥ (1,907)	¥ (982)
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ (358)	¥ (2,019)	¥ (1,390)	¥ (849)	¥ (1,915)	¥ (1,421)	¥ (731)

(5) During the three-month period ended June 30, 2012, "Foods & Retail" Segment and the Consumer Service Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Lifestyle" Segment for the purpose of strengthening initiatives in our business geared towards consumer products and the service market in Japan and the emerging economies' consumers that are expected to expand.

Additionally, the "Logistics & Financial Business" Segment and the IT Business Unit that were included in the "Consumer Service & IT" Segment were aggregated into the "Innovation & Cross Function" Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with its sights set on the next generation. In accordance with this change, the operating segment information for the three-month period ended June 30, 2011, has been restated to conform to the current period presentation.

(6) During the three-month period ended June 30, 2012, "Machinery & Infrastructure Project" Segment changed its name to "Machinery & Infrastructure".

(7) Operating Income (Loss) reflects the companies' a) Gross Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables as presented in the Statements of Consolidated Income.

10. CONTINGENT LIABILITIES AND COMMITMENTS

I. GUARANTEES

The table below summarizes the companies' guarantees as defined in ASC 460, "Guarantees," at June 30, 2012 and March 31, 2012. The maximum potential amount of future payments represents the amounts 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, results of operations, or cash flows of the companies is remote at June 30, 2012.

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
June 30, 2012:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 69,969	¥ 12,659	¥ 102,484	¥ 1,589	2045
Guarantees for associated companies	160,868	1,056	234,615	4,035	2046
Guarantees to financial institutions for employees' housing loans	3,576	—	3,576	—	2036
Total	¥ 234,413	¥ 13,715	¥ 340,675	¥ 5,624	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 75,180	¥ 65,613	¥ 75,180	—	2013
Residual value guarantees of leased assets	6,220	—	6,220	—	2016
Total	¥ 81,400	¥ 65,613	¥ 81,400	—	
Derivative instruments	¥ 3,286	—	¥ 3,286	¥ 35	

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2012:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 72,817	¥ 13,010	¥ 104,701	¥ 1,407	2045
Guarantees for associated companies	166,350	6,750	257,511	4,177	2046
Guarantees to financial institutions for employees' housing loans	3,781	—	3,781	—	2036
Total	¥ 242,948	¥ 19,760	¥ 365,993	¥ 5,584	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 77,114	¥ 74,098	¥ 77,114	—	2013
Residual value guarantees of leased assets	7,109	—	7,109	—	2016
Total	¥ 84,223	¥ 74,098	¥ 84,223	—	
Derivative instruments	¥ 5,115	—	¥ 5,115	¥ 40	

Credit 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, trade payable or contractual performance.

Categories of credit guarantees are as follows:

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 at June 30 and March 31, 2012, will expire through 2020.

Guarantees for associated companies

The companies, severally or jointly with others, issue guarantees for associated companies for the purpose of furtherance of their trading activities and credit enhancement of associated companies. Main items of these guarantees are contractual performance guarantees which guarantee Toyo Engineering Corporation regarding plant construction contracts executed under the name of the guaranteed party in Southeast Asia. In the case that Toyo Engineering Corporation failed to fulfill the contractual obligation, the project owners would execute the performance guarantees to claim compensation for damages to the companies. Most of these guarantees outstanding at June 30 and March 31, 2012, will expire through 2025.

Guarantees to financial institutions for employees' housing loans

As a part of its employee benefits program, the Company issues guarantees to financial institutions for employees' housing loans. The maximum duration of the guarantees is 24 years. The Company obtains a mortgage on the employees' assets, if necessary.

Market value guarantees

Obligation to repurchase bills of exchange

In connection with export transactions, the Company issues bills of exchange, some of which are discounted by its negotiating banks. If a customer fails to fulfill its obligation with respect to the bills, the Company would be obligated to repurchase the bills based on the banking transaction agreement. The maximum potential amount of future payments is represented by the aggregate par value of the bills discounted by the banks, and the recourse provisions and collateral are represented by the amount backed by letters of credit from the issuing banks of the customers. Most of these obligations outstanding will be extinguished within 1 year.

Residual Value guarantees of leased assets

As lessees in operating lease contracts, a subsidiary has issued residual value guarantees on the leased locomotives. On the date of expiration of the major part of the operating lease contracts, in case of sales of those leased locomotives to the third party, the subsidiary will be responsible for making up any shortfall between the actual sales price and the guaranteed price for sales of those leased locomotives to the third party. Most of these guarantees outstanding at June 30 and March 31, 2012, will expire through 4 years.

Derivative instruments

Certain derivative contracts, including written put options and credit default swaps, meet the accounting definition of guarantees under ASC 460, “Guarantees,” when it is probable that the counterparties have underlying assets or liabilities related to the derivative contracts.

The companies consider the business relationship with counterparties and other circumstances in deciding whether it is probable that the counterparties have underlying assets or liabilities, and did not include the derivative contracts with certain financial institutions and traders.

ASC 460, “Guarantees,” does not require disclosure about derivative contracts if such contracts permit or require net settlement and the companies have no basis for concluding that it is probable that the counterparties have underlying assets or liabilities.

The companies have written put options as a part of various derivative transactions related to energy, non-ferrous metals, precious metals and grain. The aggregation of notional amounts computed based on the strike prices and quantities of written options are disclosed as the total amount outstanding and the maximum potential amount of future payments. The carrying amount of liabilities is represented by the fair value of such written options recorded in the consolidated balance sheet. Most of these put options will expire within 1 year.

The companies manage the market and credit risks on these derivative instruments by monitoring fair values against loss limits and credit lines, and generally the maximum potential amount of future payments as stated above greatly overstates the companies’ exposure to market and credit risks.

Indemnification contracts

Indemnification for cargo delivery

The companies have issued Discharging Letters of Indemnification ("DLOI") to shipping companies for international trading activities. The maximum potential amount of future payments can not be estimated since the amount to be compensated is not specified in DLOI. No liability is recorded since the companies believe that there is little likelihood of incurring any loss from DLOI.

Indemnification for Sakhalin Energy Investment Company Ltd.

The Company has entered into an indemnity agreement which indemnify the banks against the companies' equity interest percentage of any impairment caused to the banks as a result of the mortgages over certain assets of Sakhalin Energy Investment Company Ltd. ("Sakhalin Energy"), in which the companies hold a 12.5% equity interest, as stipulated in the bank loan agreement not being granted nor perfected. The guaranteed amount not being stipulated in the indemnity agreement nor the measurement of the maximum potential amount of future payment not being practicable, no liability is recorded since the companies believes that there is little likelihood of incurring any loss from performance under the indemnity agreement.

The total amount of Sakhalin Energy's bank borrowings is U.S.$6.7 billion. The repayments of the borrowings have been made as stipulated in the loan agreement.

Product warranties

Certain subsidiaries provide warranties, in relation to their sales of products, including residential houses and automobiles, for the performance of such products during specified warranty periods, and they are responsible for repair or payments of compensation against the claims by the customers regarding defects in performance or function. Estimated warranty costs are accrued at the time the products are sold based on the historical claim experiences.

Mitsui Bussan House-Techno, Inc., a 100% subsidiary engaged in the custom-made house building business, exited from the business due to the downturn of the business environment caused by declining demand, however, the companies retained the obligation for the future maintenance service, because Bussan Housing Maintenance Co., Ltd. a 100% subsidiary, assumed the obligation for periodical inspection and maintenance service for a contractual period after the completion.

A tabular reconciliation of changes in the estimated liabilities for product warranties for the three-month periods ended June 30, 2012 and 2011 is as follows:

	Millions of Yen	
	June 30, 2012	**June 30, 2011**
Balance at beginning of the period	¥ 4,482	¥ 4,748
Payments made in cash or in kind	(176)	(167)
Accrual for warranties issued during the period	71	97
Changes in accrual related to pre-existing warranties	(46)	(27)
Balance at end of the period	¥ 4,331	¥ 4,651

II. LITIGATION

In respect of the oil spill incident at an exploration project in the Gulf of Mexico on April 20, 2010 (Incident), taking into account the settlement with BP Exploration & Production Inc., BP Corporation North America Inc., and BP p.l.c on May 20, 2011 (BP Settlement) and the settlement with the United States on February 17, 2012 (DOJ Settlement), the Company expects that any additional potential liability of its subsidiaries resulting from the Incident is no longer material. See Note 28 THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO in the Company's Annual Securities Report for the year ended March 31, 2012 for further details of the incident and related settlement.

The Company recognized the BP Settlement amount of US$ 1.065 billion as "Settlement of the oil spill incident in the Gulf of Mexico" in the Statement of Consolidated Income for the year ended March 31,

2011. The payment of such amount was made during the year ended March 31, 2012. The Company recognized US$ 90million with respect to the DOJ Settlement as "Other (income) expense—net" in the Statement of the Consolidated Income for the year ended March 31, 2012.

In addition to the claims with regard to the Incident, various other 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, other liabilities will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

III. SIGNIFICANT LOAN COMMITMENT

As of June 30, 2012, the companies are committed to provide a loan amounting up to U.S. $ 5.8 billion to a subsidiary of Corporación Nacional del Cobre de Chile ("CODELCO"). After such date, the termination date of the commitment period was extended to September 1, 2012 from the original date of August 1, 2012 and the loan has not been drawn down upon as of August 13, 2012.

11. VARIABLE INTEREST ENTITIES

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Machinery & Infrastructure, Chemicals and Lifestyle Segments.

When evaluating whether the companies are the primary beneficiary of a VIE and must therefore consolidate the VIE, the companies perform a qualitative analysis that the primary beneficiary of a VIE has both the: (1) power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

VIEs that have been consolidated by the companies in accordance with ASC 810, "Consolidation," are described by groups aggregated by similar characteristics of risks and rewards of each VIE as follows:

The companies hold senior investment securities of VIEs whose operations are real estate development ("Real estate development VIE") as of June 30 and March 31, 2012. The companies also hold a majority of the voting interests in VIEs, whose primary activity is chartering a vessel under a single-lessee leasing arrangement ("Vessel chartering VIE"), and whose primary activity is providing loans ("Loan VIE").These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The total assets of the Real estate development VIE as of June 30 and March 31, 2012 are ¥8,387 million and ¥5,777 million, respectively; and the total assets of the Vessel chartering VIEs as of June 30 and March 31, 2012 are ¥21,154 million and ¥22,124 million, respectively; and the total assets of the Loan VIEs as of June 30 and March 31, 2012 are ¥28,972 million and ¥33,753 million, respectively.

The consolidated real estate which includes land and buildings was pledged as collateral for the Real estate development VIE's long-term debt. Its carrying amounts as of June 30 and March 31, 2012 are ¥7,417 million and ¥4,377 million, respectively, and they are included mainly in inventories as real estate for sale on the Consolidated Balance Sheets as of June 30 and March 31, 2012.

In addition, the companies have an agreement with the Real estate development VIE to provide financial support by purchasing additional beneficial interest securities of the VIE if any breach of loan contract by the VIE occurs.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the three-month period ended June 30, 2012 and for the year ended March 31, 2012.

The creditors or beneficial interest holders of the consolidated VIEs do not have recourse to the general credit of the companies except for certain entities.

Non-consolidated Variable Interest Entities

VIEs that are not consolidated because the companies are not the primary beneficiary, but in which the companies have significant variable interests, are described as follows. In addition, the followings include VIEs that the companies determined not to consolidate as the power to direct the activities that most significantly impact the entity's economic performance is shared among multiple unrelated parties by contractual provisions and the like.

The companies are involved with and have significant variable interests in a number of VIEs that have been established to finance crude oil and gas producing plants and equipment or to finance subordinated debts by providing guarantees or subordinated loans to the VIEs. Those VIEs provide financing for customers located principally in Latin America, Middle East, and Southeast Asia in the form of leases and loans. These entities are financed mainly by bank borrowings and issuance of stock including preferred securities.

The total assets of the VIEs and the companies' maximum exposure to loss as of June 30, 2012 are ¥1,522,317 million and ¥104,173 million, respectively. The total assets of the VIEs and the companies' maximum exposure to loss as of March 31, 2012 were ¥1,576,853 million and ¥115,557 million, respectively. The total assets of the VIEs reflect the most current information available to the companies.

The amount of maximum exposure to loss represents a loss that the companies could incur from the variability in value of the leased assets, from financial difficulties of the customers and the like. In addition, the amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the VIEs and is considered to greatly exceed the anticipated loss.

The maximum exposure to loss represents the amounts of investments, advances and guarantees provided by the companies to the VIEs as of June 30 and March 31, 2012.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the three-month period ended June 30, 2012 and for the year ended March 31, 2012.

12. *DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES*

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business.

In order to offset or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity future, forward, option and swap contracts, to hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use derivative instruments and non-derivative financial instruments, such as foreign-currency-denominated debt, to hedge the foreign currency exposure in the net investment in a foreign operation.

The notional amounts of the companies' derivative instruments as of June 30, 2012 and March 31, 2012 were as follows:

	Billions of Yen	
	June 30, 2012	**March 31, 2012**
Foreign exchange contracts	¥ 2,865	¥ 2,893
Interest rate contracts	1,939	2,039
Commodity contracts	34,338	34,678
Total derivative notional amounts	¥ 39,142	¥ 39,610

Foreign currency exchange rate risk hedging activities

The companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements, to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency and long-term financing transactions as part of the companies' global operations in many countries. The companies also use derivative instruments and non-derivative financial instruments, such as foreign-currency-denominated debt, in order to hedge the foreign currency exposure in the net investment in a foreign operation.

Interest rate risk hedging activities

The companies use interest rate swap agreements and interest rate and currency swap agreements to diversify the sources of fund raising, reduce fund-raising costs, fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and reduce the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk hedging activities

The companies use derivative instruments, such as commodity future, forward, option and swap contracts, to reduce the exposure to changes in the fair value of inventories and unrecognized firm commitments and to fix the expected future cash flows from forecasted transactions in marketable commodities, such as non-ferrous metals, crude oil and agricultural products.

Risk management policy

The companies have strictly separated the trading sections from the sections that record the results and positions of derivative instruments and are responsible for cash settlement and account confirmation with counterparties. Risk management sections classify the derivative transactions into trading transactions and hedging transactions. The distinction between trading and hedging transactions is strictly managed by confirming the correspondence with the hedged items for transactions for hedging purposes. Furthermore, these risk management sections comprehensively monitor, evaluate and analyze the positions of derivative instruments and report the results periodically to the Company's executive officers in charge of risk management. Based on these reports, the executive officers assess derivative instruments and the market risks surrounding these instruments, and establish the companies' risk management policy regarding derivative instruments.

Fair value hedges

Changes in the fair value of derivative instruments designated as hedging the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments are recorded in earnings together with changes in the fair value of the corresponding hedged items attributable to the hedged risks.

The net gain or loss recognized in earnings representing the amount of the hedges' ineffectiveness and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness were immaterial for the three-month period ended June 30, 2012 and 2011.

The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge was immaterial for the three-month period ended June 30, 2012 and 2011.

The companies include the gain and loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments.

The following table presents the gain/(loss) on hedged items and derivative instruments designated and qualifying as a fair value hedge included within the Statement of Consolidated Income for the three-month period ended June 30, 2012 and 2011:

Three-Month Period Ended June 30, 2012	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (4,712)	Interest rate contracts	¥ 4,676
Other (income) expense—net	Long-term debt	(748)	Foreign exchange contracts	574
Cost of revenues	Inventories	(1,141)	Commodity contracts	974
Total..		¥ (6,601)		¥ 6,224

Three-Month Period Ended June 30, 2011	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (4,085)	Interest rate contracts	¥ 4,050
Other (income) expense—net	Long-term debt	(772)	Foreign exchange contracts	846
Cost of revenues	Firm commitments and inventories	(136)	Commodity contracts	136
Total..		¥ (4,993)		¥ 5,032

Cash flow hedges

Changes in the fair value of foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements designated as hedging instruments to hedge the exposure to variability in expected future cash flows of recognized assets or liabilities, unrecognized firm commitments and forecasted transactions denominated in foreign currencies are initially recorded as other comprehensive income ("OCI") to the extent they are effective. The amounts in accumulated other comprehensive income ("AOCI") are reclassified into earnings when earnings are affected by the hedged items.

Changes in the fair value of interest rate swap agreements designated as hedging instruments to reduce the exposure to variability in expected future cash flows of floating-rate financial assets and liabilities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as interest income and expense when earnings are affected by the hedged items.

Changes in the fair value of commodity forward and swap contracts designated as hedging instruments to hedge the exposure to variability in expected future cash flows of the marketable commodities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as sales of products or cost of products sold when earnings are affected by the hedged transactions.

The ineffective portion of the hedging instruments' gain or loss and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness are reported in earnings immediately. If the hedged forecasted transaction will not occur by the end of the originally specified time period, gain or loss on the hedging instrument reported in AOCI is reclassified into earnings. These amounts were immaterial for the three-month period ended June 30, 2012 and 2011.

The estimated net amounts of the existing gains or losses in AOCI at June 30, 2012 and March 31, 2012 that were expected to be reclassified into earnings within the next 12 months were net loss of ¥1,852 million and ¥1,284 million, respectively.

As of June 30, 2012 and March 31, 2012, the maximum length of time over which the companies are hedging their exposure to the variability in expected future cash flows for forecasted transactions (excluding those forecasted transactions related to the payment of variable interest on existing financial instruments) was 11 and 12 months. Foreign exchange forward contracts are used as hedging instruments for the forecasted transactions.

Hedges of the net investment in a foreign operation

The foreign currency transaction gain or loss on the derivative instrument and the non-derivative financial instrument that are designated as, and are effective as, hedging instruments to hedge the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within OCI to the extent they are effective as a hedge.

Derivative instruments for trading purposes and risk management policy

The Company and certain subsidiaries use derivative instruments such as foreign exchange forward contracts, interest rate swap agreements and commodity future, forward, swap and option contracts for trading purposes. The Company's executive officers in charge of risk management have set strict position and loss limits for these instruments. Independent back and middle offices strictly separated from trading sections (front offices) monitor, evaluate and analyze the position of trading transactions and market risks. Those results are periodically reported to the executive officers. Among others, VaR (Value at Risk: Statistical measure of the potential maximum loss in the fair value of a portfolio resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates and commodity prices, over a defined period, within a certain confidence level) is used to measure the market risks of derivative instruments for trading purposes.

The following table presents the fair value of derivative instruments included within the Consolidated Balance Sheets as of June 30, 2012 and March 31, 2012:

Derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

	Millions of Yen					
		June 30, 2012	March 31, 2012		June 30, 2012	March 31, 2012
Derivative instruments	**Balance sheet location**	**Fair value**	**Fair value**	**Balance sheet location**	**Fair value**	**Fair value**
Foreign exchange contracts	Derivative assets	¥ 7,961	¥ 8,369	Derivative liabilities	¥ 2,627	¥ 1,813
	Non-current receivables, less unearned interest	16,830	15,402	Other Long-Term Liabilities	942	1,101
Interest rate contracts.	Derivative assets	288	451	Derivative liabilities	125	172
	Non-current receivables, less unearned interest	26,461	23,950	Other Long-Term Liabilities	9,078	7,819
Commodity contracts	Derivative assets	391	89	Derivative liabilities	886	152
Total		¥ 51,931	¥ 48,261		¥ 13,658	¥ 11,057

Derivative instruments not designated as hedging instruments under ASC 815 "Derivatives and Hedging"

	Millions of Yen					
		June 30, 2012	March 31, 2012		June 30, 2012	March 31, 2012
Derivative instruments	**Balance sheet location**	**Fair value**	**Fair value**	**Balance sheet location**	**Fair value**	**Fair value**
Foreign exchange contracts	Derivative assets	¥ 16,874	¥ 23,249	Derivative liabilities	¥ 23,106	¥ 42,517
	Non-current receivables, less unearned interest	10,287	12,625	Other Long-Term Liabilities	11,689	11,246
Interest rate contracts.	Derivative assets	1,170	1,070	Derivative liabilities	1,495	1,567
	Non-current receivables, less unearned interest	8,841	10,310	Other Long-Term Liabilities	11,521	12,272
Commodity contracts	Derivative assets	830,958	1,115,936	Derivative liabilities	833,925	1,119,666
	Non-current receivables, less unearned interest	444,890	450,113	Other Long-Term Liabilities	470,079	483,063
Total		¥ 1,313,020	¥ 1,613,303		¥ 1,351,815	¥ 1,670,331

Non-derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

		Millions of Yen	
		June 30, 2012	March 31, 2012
Hedging instruments	**Balance sheet location**	**Carrying amount**	**Carrying amount**
Foreign-currency-denominated debt............	Current maturities of long-term debt	¥ 65,894	¥ 31,548
	Long-term Debt, less Current Maturities	312,616	295,031
Total		¥ 378,510	¥ 326,579

The following tables present the amounts affecting the Statements of Consolidated Income and other comprehensive income for the three-month period ended June 30, 2012 and 2011:

Derivative instruments in ASC 815 fair value hedging relationships

Three-Month Period Ended June 30, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other (income) expense —net	¥ 574
Interest rate contracts.....................................	Interest expense	4,676
Commodity contracts.....................................	Cost of products sold	974
Total...		¥ 6,224

Three-Month Period Ended June 30, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other (income) expense —net	¥ 846
Interest rate contracts.....................................	Interest expense	4,050
Commodity contracts.....................................	Cost of products sold	136
Total...		¥ 5,032

Derivative instruments in ASC 815 cash flow relationships

Three-Month Period Ended June 30, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ (471)				
Interest rate contracts.........	(1,446)	Interest expense	¥ 387		
Commodity contracts.........	(565)			Sales of products	¥ 197
Total..................................	¥ (2,482)		¥ 387		¥ 197

Three-Month Period Ended June 30, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 1,472	Sales of products	¥ 1,222		
		Other (income) expense —net	(1,467)		
Interest rate contracts.........	(1,639)	Interest expense	284		
Commodity contracts.........	(969)			Sales of products	¥ (155)
Total..................................	¥ (1,136)		¥ 39		¥ (155)

Derivative instruments and hedging instruments in ASC 815 net investment hedging relationships

Three-Month Period Ended June 30, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 8,510			Interest income	¥ (201)
				Other (income) expense —net	(1,301)
Foreign-currency -denominated debt	12,683			Other (income) expense —net	130
Total	¥ 21,193		—		¥ (1,372)

Three-Month Period Ended June 30, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 2,100	Gain on sales of securities—net	¥ 424	Interest income	¥ (100)
				Other (income) expense —net	3,439
Foreign-currency -denominated debt	6,209	Gain on sales of securities—net	3,931		
Total	¥ 8,309		¥ 4,355		¥ 3,339

Derivative instruments not designated as hedging instruments under ASC 815

Three-Month Period Ended June 30, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Sales of products	¥ (516)
	Other sales	(273)
	Cost of products sold	(884)
	Other (income) expense —net	4,306
Interest rate contracts	Other sales	146
	Interest income	(176)
Commodity contracts	Sales of products	(2,425)
	Other sales	11,753
	Cost of products sold	2,367
	Other (income) expense —net	3,137
Total		¥ 17,435

Three-Month Period Ended June 30, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other sales	¥ 260
	Cost of services sold	(1,027)
	Other (income) expense —net	(1,021)
Interest rate contracts	Other sales	1,728
	Interest expense	336
	Other cost	(214)
Commodity contracts	Sales of products	2,767
	Other sales	4,698
	Cost of products sold	493
Total		¥ 8,020

Credit-risk-related contingent features

Certain of the companies' derivative instruments, mainly for commodity future, forward, option and swap contracts, contain provisions that require the companies' debt to maintain a certain credit rating from each of the major credit rating agencies such as Standard & Poor's Services. If the credit rating of the companies' debt falls below a designated credit rating, it will be in violation of these provisions, and the counterparties to the derivative instruments can request early termination or demand immediate and ongoing overnight collateralization on derivative instruments in net liability positions.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on June 30, 2012 and March 31, 2012, was ¥12,664 million and ¥15,310 million, respectively (¥5,663 million and ¥8,100 million on the net basis of liability position after offsetting derivative assets against derivative liabilities in accordance with the adoption of ASC 210-20 "Balance Sheet: Offsetting"). Collateral of ¥3,293 million and ¥5,302 million in the normal course of business associated with these contracts were posted at June 30, 2012 and March 31, 2012, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on June 30, 2012 and March 31, 2012, the aggregate fair value of additional assets that would be required to be posted as collateral and/or the aggregate fair value of assets needed to settle the instruments would be ¥2,377 million and ¥2,949 million, respectively.

13. *FINANCIAL INSTRUMENTS*

Fair Value of Financial Instruments

In accordance with the requirements of ASC 825-10-50, "Disclosures about Fair Value of Financial Instruments," the companies have provided the following fair value estimates and information about valuation methodologies.

Quoted market prices, where available, are used to estimate fair values of financial instruments. When market prices are unavailable, fair values are estimated using discounted cash flow analysis or other valuation techniques.

Current financial assets other than marketable securities and current financial liabilities

The carrying amount approximates the fair value of the majority of these instruments because of their short maturities.

Marketable securities and other investments

See Note 3, "MARKETABLE SECURITIES AND OTHER INVESTMENTS" and Note 14, "FAIR VALUE MEASUREMENTS."

Non-current receivables and advances to associated companies

The fair values of non-current receivables, including fixed rate, long-term loans receivable, are estimated by discounted cash flow analysis, using interest rates currently being offered for loans or accounts receivable with similar terms to borrowers or customers of similar credit quality and remaining maturities. The carrying amounts of loans with floating rates approximate the fair value.

Long-term debt

The fair values for long-term debt, except for debt with floating rates whose carrying amounts approximate fair value, are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities.

Financial guarantees and financing commitments

The fair values of financial guarantees are estimated based on the present values of expected future cash flows, considering the remaining terms of the arrangements and the counterparties' credit standings.

The companies have not estimated the fair values of financing commitments because management does not believe it is practicable to estimate the fair values due to uncertainty involved in attempting to assess the likelihood and timing of commitments being drawn upon, coupled with the lack of an established market. However, management believes the likelihood is remote that material payments will be required under these financing commitments.

Derivative financial instruments

See Note 14, "FAIR VALUE MEASUREMENTS."

The estimated fair values of certain financial instruments at June 30, 2012 and March 31, 2012 were as follows:

	Millions of Yen			
	June 30, 2012		March 31, 2012	
	Carrying amount	Fair value(*)	Carrying amount	Fair value(*)
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities.....	¥3,403,284	¥3,403,284	¥3,655,399	¥3,655,399
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)......	327,105	329,113	314,108	315,938
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities	1,968,621	1,968,621	2,043,574	2,043,574
Long-term debt (including current maturities).....................	3,332,634	3,425,728	3,427,444	3,513,485

* The fair values of financial assets and liabilities other than derivative financial instruments, which primarily include cash and cash equivalents, accounts receivable, loans, accounts payable, borrowings, and bonds, are estimated using a discounted cash flow model by incorporating such key observable inputs as market interest rates, and are classified as level 2 except for the following:
1. The fair values of cash and cash equivalents included in current financial assets other than marketable securities which are classified as level 1 as of June 30, 2012 and March 31, 2012 were ¥1,089,131 million and ¥1,280,662 million, respectively.
2. The fair values of loans and other receivables included in non-current receivables and advances to associated companies (less allowance for doubtful receivables) which are classified as level 3 as of June 30, 2012 and March 31, 2012 were ¥76,156 million and ¥46,686 million, respectively. These are estimated using a discounted cash flow model by incorporating such key significant unobservable inputs as credit spreads, probability of default, and loss severity of each loan or receivable.

Concentration of Credit Risk

The companies' global operations include a variety of businesses with diverse customers and suppliers, which reduces concentrations of credit risks. The companies mainly deal with selective international financial institutions to minimize the credit risk exposure of derivative financial instruments. Credit risk represents the likelihood that the counterparties may be unable to meet the terms of the agreements. Management does not expect any significant losses as a result of counterparty default on financial instruments. Credit risk is managed with approvals of credit lines by management and continuous monitoring of counterparties' operations. The companies require counterparties to post collateral, if necessary.

14. FAIR VALUE MEASUREMENTS

ASC 820 "Fair Value Measurements and Disclosures," 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. ASC 820 establishes the fair value hierarchy that may be used to measure fair value which is provided as follows:

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:

(1) Quoted prices for similar assets or liabilities in active markets
(2) Quoted prices for identical or similar assets or liabilities in markets that are not active
(3) Inputs other than quoted prices that are observable for the asset or liability
(4) 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.

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.

Valuation techniques

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

Securities
- Marketable equity securities and debt securities are measured at fair value.
- Publicly-traded, marketable equity securities are valued using quoted market prices and classified as level 1.
- Debt securities, consisting principally of preferred stock that must be redeemed and government bonds, are valued using a discounted cash flow analysis or quoted prices obtained from third parties, and classified as level 2.
- In the event of an other-than-temporary decline in fair value of non-marketable equity securities and investments in associated companies, these are measured at fair value. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are valued based on quoted market prices. These are classified as level 1. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. These securities are classified as level 2. Other non-marketable equity securities, apart from those classified as level 2, and the investments in unlisted associated companies are valued based on the net asset value of the investment adjusted using cash flows and other factors that would impact the fair value. These are classified as level 3.

Derivative Instruments
- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments valued using quoted market prices are classified as level 1. The valuation for certain derivative commodity instruments is based upon adjusted quoted prices. These derivative commodity instruments are classified as level 2 or level 3 depending on the level of adjustment made.
- Derivative financial instruments classified as level 2 are mainly valued by a discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements.

Nonfinancial Assets

- Long-lived assets include tangible assets and identifiable intangible assets subject to amortization.
- The assets are valued based on independent appraisals, prices for similar assets or discounted future cash flows whichever management considers most appropriate and categorized as level 3.
- Goodwill classified as level 3 is mainly valued on the basis of the fair value of the subsidiary, which is measured using discounted cash flows or third party valuations.

Long-term Loans

- Long-term loans are measured based on the fair value of the collateral. The fair value of the collateral is measured based on a broker's price opinion and classified as level 3.

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 management of the Corporate Staff Division. Based on the policy and procedures, either personnel from the accounting division or the investment directors 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 the valuations including those performed by the external experts are reviewed and approved by the Corporate Staff Division management before being recorded in the general ledgers. The companies quarterly analyzes changes in the recurring fair valuation measurements of non-marketable equity securities based on such information as prices from most recent transactions.

Quantitative information regarding level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value for the three-month period ended June 30, 2012 and March 31, 2012 is as follows:

	Millions of Yen			
June 30, 2012	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Recurring fair value measurements:				
Non-marketable equity securities	¥ 602	Income approach	Revenue growth rate	2%-321%
			Discount rate	20%
	5,716	Market approach	Revenue multiple	4-9
			Discount for lack of marketability	0%-75%
			Volatility rate	21%-197%
Non-recurring fair value measurements:				
Non-marketable equity securities	2,974	Market approach	Price-to-embedded value multiple	0.29-0.36
			Discount for lack of marketability	0%-15%

March 31, 2012	Millions of Yen Fair Value	Valuation Technique	Principal Unobservable Input	Range
Recurring fair value measurements:				
Non-marketable equity securities	¥ 590	Income approach	Revenue growth rate	2%-321%
			Discount rate	20%
	7,367	Market approach	Revenue multiple	4-9
			Discount for lack of marketability	0%-60%
			Volatility rate	43%-115%
Non-recurring fair value measurements:				
Non-marketable equity securities	8,349	Income approach	Revenue growth rate	4%-71%
			Discount rate	8%-16%
Long-lived assets	0	Income approach	Loss severity	100%

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of non-marketable equity securities measured using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value, and increases (decreases) in revenue growth rates would result in a higher (lower) fair value. For those non-equity securities measured using the market approach, increases (decreases) in revenue multiples would result in a higher (lower) fair value, increases (decreases) in discounts for lack of marketability would result in a lower (higher) fair value, and increases (decreases) in volatility rates would result in a higher (lower) fair value.

Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at June 30, 2012 and March 31, 2012, are as follows:

June 30, 2012	Millions of Yen Fair value measurements using Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 319,820	—	—		
Marketable equity securities (Non-Japan)	35,467	—	¥ 11,443		
Preferred stock that must be redeemed	—	¥ 43,051	—		
Government bonds	—	15	—		
Other securities	—	64	—		
Total equity securities and debt securities	¥ 355,287	¥ 43,130	¥ 11,443		¥ 409,860
Derivative assets:					
Foreign exchange contracts	—	¥ 51,952	—		
Interest rate contracts	¥ 5,987	30,773	—		
Commodity contracts	33,317	1,242,712	¥ 210		
Total derivative assets (current and non-current)	¥ 39,304	¥ 1,325,437	¥ 210	¥(1,250,807)	¥ 114,144
Total assets	¥ 394,591	¥ 1,368,567	¥ 11,653	¥(1,250,807)	¥ 524,004
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 38,364	—		

June 30, 2012	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Interest rate contracts	¥ 5,260	16,959	—		
Commodity contracts	28,869	1,275,804	¥ 217		
Total derivative liabilities (current and non-current)	¥ 34,129	¥ 1,331,127	¥ 217	¥(1,290,483)	¥ 74,990
Total liabilities	¥ 34,129	¥ 1,331,127	¥ 217	¥(1,290,483)	¥ 74,990

March 31, 2012	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 370,506	—	—		
Marketable equity securities (Non-Japan)	41,640	—	¥ 14,569		
Preferred stock that must be redeemed	—	¥ 55,523	—		
Government bonds	—	20	—		
Other securities	—	460	—		
Total equity securities and debt securities	¥ 412,146	¥ 56,003	¥ 14,569		¥ 482,718
Derivative assets:					
Foreign exchange contracts	—	¥ 59,645	—		
Interest rate contracts	¥ 6,218	29,563	—		
Commodity contracts	26,147	1,539,106	¥ 885		
Total derivative assets (current and non-current)	¥ 32,365	¥ 1,628,314	¥ 885	¥(1,554,378)	¥ 107,186
Total assets	¥ 444,511	¥ 1,684,317	¥ 15,454	¥(1,554,378)	¥ 589,904
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 56,677	—		
Interest rate contracts	¥ 5,345	16,485	—		
Commodity contracts	26,397	1,575,663	¥ 821		
Total derivative liabilities (current and non-current)	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158
Total liabilities	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158

* Amounts of netting adjustments include the impact of legally enforceable master netting agreements that allow the companies to settle positive and negative positions and also cash collateral held or placed with the same counterparties.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three-month period ended June 30, 2012 is as follows:

	Millions of Yen	
June 30, 2012	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Opening balance	¥ 14,569	¥ 64
Total gains or losses for the year:	—	581
Included in earnings................	—	581
Included in other comprehensive income (loss) ..	—	—
Purchases, sales, issues, and settlements	(2,633)	(662)
Purchases	1,078	—
Sales...	(3,711)	—
Issues	—	—
Settlements...............................	—	(662)
Transfers into Level 3:	—	1
Transfers out of Level 3:	—	11
Translation adjustments	(493)	(2)
Closing balance	¥ 11,443	¥ (7)
Change in unrealized gains for the period included in earnings for assets held at the reporting date	—	¥ 130

	Millions of Yen		
	Other sales	**Cost of products sold**	**Total gains or (losses)**
Total gains for the period included in earnings..................	¥ 57	¥ 524	¥ 581
Change in unrealized gains for the period included in earnings for assets held at the reporting date	95	35	130

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three-month period ended June 30, 2011 is as follows:

	Millions of Yen	
June 30, 2011	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 8,374	¥ 236
Total gains or losses (realized/unrealized):	533	(445)
Included in earnings	533	(445)
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements	1,039	152
Transfers into and/or (out of) Level 3:	—	(38)
Translation adjustments	(253)	(7)
Ending balance	¥ 9,693	¥ (102)
The amount of total gains or (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	¥ 533	¥ (455)

	Millions of Yen			
	Other sales	**Cost of products sold**	**Other income (expenses)—net**	**Total gains**
Total gains or (losses) included in earnings for the period	¥ 484	¥ (447)	¥ 51	¥ 88
Change in unrealized gains or (losses) relating to assets still held at the reporting date	482	(455)	51	78

Assets and liabilities measured at fair value on a nonrecurring basis

Certain non-marketable equity securities and investments in associated companies are written down to fair value if the fair value of these investments has declined and such decline is judged to be other-than-temporary. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are measured at fair value using unadjusted quoted prices in active markets for identical assets. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. Other non-marketable equity securities, apart from these classified as level 2, and investments in unlisted associated companies are primarily valued by unobservable inputs based on financial information obtained from counterparties or third parties.

Financial assets measured at fair value on a nonrecurring basis for the three-month periods ended June 30, 2012 and June 30, 2011, are as follows:

	Millions of Yen				
		Fair value measurements using			Three-month period ended June 30, 2012
	Fair value	**Level 1**	**Level 2**	**Level 3**	**Total losses**
Non-marketable equity securities					
Japan	¥ 2,979	—	—	¥ 2,979	¥ (1,102)
Non-Japan	609	—	—	609	(691)
Total non-marketable equity securities	¥ 3,588	—	—	¥ 3,588	¥ (1,793)

	Millions of Yen				
		Fair value measurements using			Three-month period ended June 30, 2011
	Fair value	**Level 1**	**Level 2**	**Level 3**	**Total losses**
Non-marketable equity securities					
Japan	¥ 4,237	—	—	¥ 4,237	¥ (1,233)
Non-Japan	1,070	—	—	1,070	(275)
Total non-marketable equity securities	¥ 5,307	—	—	¥ 5,307	¥ (1,508)
Investments in associated companies					
Japan	¥ 20,207	¥ 20,207	—	—	¥ (7,631)
Total investments in associated companies	¥ 20,207	¥ 20,207	—	—	¥ (7,631)

Long-lived assets are reviewed for impairment using undiscounted future cash flows whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted future cash flows is less than the carrying amount of the assets, the assets are determined to be impaired and written down to the amount of fair value. Long-lived assets are primarily valued by unobservable inputs based on an operating plan reflecting the most recent condition of the long-lived assets or prices for similar assets. Nonfinancial assets measured at fair value on a nonrecurring basis for the three-month period ended June 30, 2012 is immaterial.

Nonfinancial assets measured at fair value on a nonrecurring basis for the three-month period ended June 30, 2011 is as follows:

	Millions of Yen				
		Fair value measurements using			Three-month period Ended June 30, 2011
	Fair value	**Level 1**	**Level 2**	**Level 3**	**Impairment losses**
Long-lived assets	¥ 1,494	—	—	¥ 1,494	¥ (361)