Annual Securities Report
for the fiscal year ended March 31, 2014

MITSUI & CO., LTD.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report ("Yukashoken Hokokusho") of Mitsui & Co., Ltd. filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 20, 2014.

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. "Share" means one share of Mitsui's common stock, "ADS" means an American Depositary Share representing 20 shares, and "ADR" means an American Depositary Receipt evidencing one or more ADSs. Also, "dollar" or "$" means the lawful currency of the United States of America, and "yen" or "¥" means the lawful currency of Japan.

Mitsui adopted International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for its consolidated financial statements instead of the accounting principles generally accepted in the United States ("US GAAP") started from this report. All financial statements and information contained in this report have been prepared in accordance with IFRS except where otherwise noted.

A Cautionary Note on Forward-Looking Statements

This report includes forward-looking statements based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate," "forecast," "plan" or similar words. The forward-looking statements in this report are subject to various risks, uncertainties and assumptions. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial position, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual operating results to differ materially from those contained or implied in any forward-looking statement. Our expectations expressed in these forward-looking statements may not turn out to be correct, and our actual results could materially differ from and be worse than our expectations.

Important risks and factors that could cause our actual results to differ materially from our expectations are discussed in "2. Operating and Financial Review and Prospects, 4. Risk Factors" or elsewhere in this report and include, without limitation:

- changes in economic conditions that may lead to unforeseen developments in markets for products handled by us;
- fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions;
- adverse political developments in the various jurisdictions where we operate, which among things, may create delays or postponements of transactions and projects;
- changes in laws, regulations or policies in any of the countries where we conduct our operations; and
- significant changes in the competitive environment.

We do not assume, and specifically disclaim, any obligation to update any forward-looking statements which speak only as of the date made.

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1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

		IFRS		
Fiscal year		95th	94th	Transition date
Year ended		March 31, 2014	March 31, 2013	April 1, 2012
Consolidated financial data				
Revenue	(Millions of Yen)	5,731,918	4,912,118	-
Gross profit	(Millions of Yen)	880,106	814,139	-
Profit for the year attributable to owners of the parent	(Millions of Yen)	350,093	296,623	-
Comprehensive income for the year attributable to owners of the parent	(Millions of Yen)	521,457	664,345	-
Total trading transactions	(Millions of Yen)	11,155,434	10,050,556	-
Total equity attributable to owners of the parent	(Millions of Yen)	3,815,767	3,439,141	2,866,278
Total assets	(Millions of Yen)	11,491,319	10,777,274	9,493,804
Equity attributable to owners of the parent per share	(Yen)	2,128.73	1,884.33	1,570.61
Basic earnings per share attributable to owners of the parent	(Yen)	192.22	162.53	-
Diluted earnings per share attributable to owners of the parent	(Yen)	192.21	162.53	-
Equity attributable to owners of the parent ratio	(%)	33.21	31.91	30.19
Return on Equity (ROE)	(%)	9.65	9.41	-
Price Earnings Ratio (PER)	(Times)	7.59	8.08	-
Net cash provided by operating activities	(Millions of Yen)	449,243	455,326	-
Net cash used in investing activities	(Millions of Yen)	(659,818)	(754,533)	-
Net cash provided by (used in) financing activities	(Millions of Yen)	(13,237)	236,335	-
Cash and cash equivalents at end of year	(Millions of Yen)	1,226,317	1,432,534	1,431,112
Number of employees (excluding average number of part-time employees)	(Number of persons)	48,090 (12,570)	45,148 (16,750)	44,805 (19,413)

(Notes)
1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) from the 95th fiscal year.
2. Total trading transactions are voluntary disclosures for users of the consolidated financial statements as a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to revenue under IFRS. Total trading transactions represent the gross transaction volume as the aggregate nominal value of the sales contracts in which the companies act as a principal and the commissions in which the Company and certain subsidiaries serve as an agent.
3. Revenue and total trading transactions do not include consumption taxes.

		U.S. GAAP				
Fiscal year		95th	94th	93rd	92nd	91st
Year ended		March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Consolidated financial data						
Revenues	(Millions of Yen)	5,740,650	4,911,609	5,251,602	4,679,443	4,096,445
Income from continuing operations before income taxes and equity in earnings	(Millions of Yen)	453,732	314,098	413,211	272,697	126,040
Net income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	422,161	307,926	434,497	306,659	149,719
Comprehensive income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	549,238	631,260	373,029	191,345	353,671
Total trading transactions	(Millions of Yen)	11,165,660	10,049,637	10,481,166	9,942,472	9,358,379
Total Mitsui & Co., Ltd. shareholders' equity	(Millions of Yen)	3,586,414	3,181,819	2,641,318	2,366,192	2,230,128
Total equity	(Millions of Yen)	3,868,066	3,440,104	2,860,810	2,553,334	2,429,806
Total assets	(Millions of Yen)	11,001,264	10,324,581	9,011,823	8,598,124	8,368,984
Shareholders' equity per share	(Yen)	2,000.78	1,743.34	1,447.34	1,296.66	1,222.11
Basic net income attributable to Mitsui & Co., Ltd. per share	(Yen)	231.79	168.72	238.10	168.05	82.12
Diluted net income attributable to Mitsui & Co., Ltd. per share	(Yen)	231.78	-	-	168.05	82.11
Shareholders' equity ratio	(%)	32.60	30.82	29.31	27.52	26.65
Return on Equity (ROE)	(%)	12.47	10.58	17.35	13.34	7.28
Price Earnings Ratio (PER)	(Times)	6.29	7.78	5.70	8.87	19.13
Net cash provided by operating activities	(Millions of Yen)	521,524	461,430	380,984	504,474	632,360
Net cash used in investing activities	(Millions of Yen)	(704,516)	(753,297)	(438,191)	(484,021)	(180,093)
Net cash provided by (used in) financing activities	(Millions of Yen)	(34,698)	221,635	57,394	33,820	(214,445)
Cash and cash equivalents at end of year	(Millions of Yen)	1,225,079	1,425,174	1,431,112	1,441,059	1,401,399
Number of employees (excluding average number of part-time employees)	(Number of persons)	48,090 (12,570)	45,148 (16,750)	44,805 (19,413)	40,026 (19,378)	41,454 (19,507)

(Notes)
1. The consolidated financial statements prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP) in the 95th fiscal year is unaudited financial information pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act.
2. Total trading transactions are voluntary disclosures for users of the consolidated financial statements as a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to revenue under U.S. GAAP. Total trading transactions represent the gross transaction volume as the aggregate nominal value of the sales contracts in which the companies act as a principal and the commissions in which the Company and certain subsidiaries serve as an agent.
3. "Shareholders' equity" or "equity" in shareholders' equity per share, shareholders' equity ratio and return on equity (ROE) in the above table refers to "Total Mitsui & Co., Ltd. shareholders' equity" in the consolidated balance sheets.
4. Diluted net income attributable to Mitsui & Co., Ltd. per share in the 94th and 93rd fiscal years is not disclosed as there are no dilutive potential shares.
5. Revenues and total trading transactions do not include consumption taxes.

2. History

Mitsui Bussan Kabushiki Kaisha ("Mitsui & Co., Ltd." in English) was originally incorporated on July 25, 1947, as Daiichi Bussan Kabushiki Kaisha with a common stock of ¥195,000, with the main purpose of importing, exporting and selling a wide variety of products.

Since our establishment, our business results have developed strongly, and we have grown in scale as the result of capital increases or stock dividends, the issuance of foreign currency-denominated and domestic convertible bonds, along with integration with other new companies. On February 16, 1959, we changed our name to our present name of Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.), and took the form of a general trading company in both name and practice. From then until the present day, we have continued to expand our business through mergers and acquisitions of other businesses and companies.

The significant developments for the company that occurred during this time, including name changes, mergers, establishment of major affiliated companies, listings on securities exchanges, and other, are as follows.

Jul. 1947	Daiichi Bussan Kabushiki Kaisha established with common stock of ¥195,000
May 1949	Listed on Tokyo Stock Exchange
Nov. 1954	Listed on Sapporo Securities Exchange, Nagoya Stock Exchange and Osaka Securities Exchange
Apr. 1956	Established Daiichi Bussan Kabushiki Kaisha Australia (currently Mitsui &Co. (Australia), Ltd.)
Feb. 1959	Changed the name to Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.)
Feb. 1959	Listed on Fukuoka Stock Exchange
Jan. 1963	Participated in the development of the Moura Coal Mine in Australia (currently the Dawson Coal Mine)
May 1963	Issued American Depositary Receipts (ADR) in the U.S. (registered on NASDAQ in U.S. in 1971)
Feb. 1965	Decided to participate in Robe River iron mine in Australia
Apr. 1966	Established Mitsui & Co. (U.S.A.), Inc.
Oct. 1966	Concluded long-term purchase agreement of iron ore from Mount Newman in Australia
Mar. 1971	Split off lease business and established Mitsui leasing, Ltd. (currently JA Mitsui Leasing, Ltd.)
Sept. 1971	Signed basic agreement on development of Liquefied Natural Gas (LNG) in Das Island, Abu Dhabi
Oct. 1971	Signed basic agreement on Iran Petrochemical Project
May 1976	Established Aim Services Co., Ltd. with ARA (currently ARAMARK Corporation)
Nov. 1976	Moved head office to Otemachi, Chiyoda-ku, Tokyo, where it is at present
Jul. 1985	Participated in North West Shelf LNG project in Western Australia
Apr. 1988	Established Mitsui & Co. UK PLC (currently Mitsui & Co. Europe PLC)
Dec. 1990	Concluded Iran Petrochemical Project due to winding up of Iran Chemical Development Co. Ltd.
Oct. 1991	Introduced Chief Operating Officer system
Feb. 1994	Established P.T. Paiton Energy, an electric power company in Indonesia
Jun. 1994	Signed development contracts (production sharing contract) for the Sakhalin II petroleum and natural gas projects
Apr. 2002	Introduced Managing Officer system
Mar. 2003	Participated in ownership interest in International Methanol Company of Saudi Arabia
Jun. 2003	First appointment of external director
Sept. 2003	Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource company
Apr. 2004	Abolished Domestic Branches and Offices Segment and included them in each business unit by product
Apr. 2006	Introduced overseas regional business unit system (currently three overseas regional business unit system)
Jun. 2007	Acquired Steel Technologies, Inc., a U.S. steel processing service center
Feb. 2010	Decided to participate in the Marcellus Shale Gas production development project in the US
Apr. 2011	Delisted from NASDAQ (deregistered from the U.S. Securities and Exchange Commission (the "SEC") in July 2011)
Aug. 2012	Established a strategic alliance with Codelco and participated in a joint venture to jointly hold shares of Anglo American Sur S.A.

3. 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 our ability to gather information. Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron & steel, mineral & metal resources, machinery & infrastructure, chemicals, energy, lifestyle, innovation & corporate development. We also participate in the development of natural resources such as oil, gas, iron and steel raw materials. We have been proactively making strategic business investments in certain new industries such as IT, renewable energy and environmental solution businesses.

The business units of Mitsui's Head Office, which are organized based on "products and services," plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with overseas branches and overseas trading subsidiaries in planning and executing their strategies for products and regions. The overseas branches and overseas trading subsidiaries are separate operating units, which are delegated responsibility for the business of their regions as the centers of each particular regional strategy and operate diversified businesses together with their subsidiaries and associated companies in collaboration with the business units. Therefore, our operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of overseas branches and overseas trading subsidiaries.

For the disclosure pursuant to IFRS 8 "Operating Segments," our operating segments have been aggregated based on the nature of the products and other criteria into seven product-focused reportable operating segments and three region-focused reportable operating segments, totaling ten reportable operating segments.

We have 426 affiliated companies for consolidation, which consist of 200 overseas subsidiaries, 72 domestic subsidiaries, 116 overseas equity accounted investees and 38 domestic equity accounted investees.

Iron & Steel Products Segment

The Iron & Steel Products Segment consists of one business unit, the Iron & Steel Products Business Unit.

In the Iron & Steel Products Segment, we handle iron and steel products used across a wide range of industries including infrastructure, energy and automotive sectors. Through this segment, we provide our customers in such industries, both in Japan and overseas, with services relating to the procurement and supply of iron and steel products. In addition, we invest in steel service centers that function as processing and distribution bases, in electric furnace steel mills and rolling mills that act as manufacturing bases, as well as in the iron and steel distribution industry.

Mineral & Metal Resources Segment

The Mineral & Metal Resources Segment consists of one business unit, the Mineral & Metal Resources Business Unit.

In the Mineral & Metal Resources Segment, we do our part to ensure stable supplies of mineral resources while contributing to the development of a recycle-oriented society through initiatives that involve developing and trading iron ore, coal and other steel raw materials, along with copper, nickel, aluminum and other nonferrous metals, while also pursuing endeavors in the environmental recycling business through operations involving ferrous and nonferrous scrap metals. The Mineral & Metal Resources Segment mainly engages in the following fields of business, as described below:

<u>Iron Ore</u>
In the iron ore business, we indirectly hold 5% of the issued shares of Vale S.A. (Brazil), the world's largest producer of iron ore, in addition to holdings in Australia that include a stake in Robe River Iron Associates (33% ownership) with Rio Tinto (Australia and the United Kingdom) and a joint venture (7% ownership) with BHP Billiton (Australia and the United Kingdom).

Iron ore			
Projects / Company	Country	Production (*1) (million tons)	Ownership
Valepar (Vale)	Brazil	300 (*2) [15.0]	15% (Vale 5%)(*3)
Joint Venture with Rio Tinto Robe River Iron Associates	Australia	63 [20.9]	33%
Joint Venture with BHP Billiton Mt. Newman Joint Venture Yandi Joint Venture Mt. Goldsworthy Joint Venture Jimblebar	Australia	216 [15.1]	7%

*1 Production in the year ended March 31, 2014:
Upper figures show total production; lower figures in brackets show our share
*2 Iron ore production excluding pellets
*3 Indirect ownership share through Valepar

Ferrous Raw Materials and Recycling Solutions

In the ferrous raw materials and recycling solutions business, we are involved in distribution of steel scrap, hot briquetted iron, pig iron, ferroalloys and other raw materials for steelmaking. We have also been developing high-value-added environmental solutions business across the value chain covering the metal resource collection and reuse, through activities that involve recycling of discarded household appliances and other such endeavors toward the development of a recycle-oriented society. In China, we participate in a joint venture named Inner Mongolia Erdos Electrical Power & Metallurgical Company Limited (25% shareholdings), an entity that pursues diversified businesses in areas such as coal, power generation, ferroalloys and chemical products.

Coal

We maintain equity interests in the coal business through Australian consolidated subsidiary Mitsui Coal Holdings Pty. Ltd. and equity-method associated company BHP Billiton Mitsui Coal Pty. Ltd.

Base Metals

We take part in business involving base metals in conjunction with Anglo American Sur S.A. (9.5% indirect holdings through joint venture with Corporación Nacional del Cobre de Chile) which owns the world’s largest copper project, the Collahuasi copper mine project (7.43% shareholdings) and the Caserones copper mine (22.63% shareholdings as of March 31, 2014) which began operating on a trial basis in April 2014.

Base Metals (Copper)				
Projects	Country	Products	Production (*1) (thousand tons)	Ownership
Collahuasi	Chile	Copper Concentrate (Molybdenum Concentrate) Copper cathode	445 [33.0]	7.43%
Los Pelambres	Chile	Copper Concentrate (Molybdenum Concentrate)	405 [5.1]	1.25%
Silver Bell	U.S.A.	Copper cathode	20 [5.0]	25%
Los Bronces, etc.	Chile	Copper Concentrate (Molybdenum Concentrate) Copper cathode	468 [44.5]	9.5%(*2)
Caserones	Chile	Copper Concentrate (Molybdenum Concentrate) Copper cathode	16 [4.0]	22.63%

*1 Production in the year ended March 31, 2014:
Upper figures show total production; lower figures in brackets show our share
*2 Indirect ownership share through Inversiones Mineras Acrux

New Metals and Aluminum (Nickel, Rare Metals, Aluminum)

We take part in business involving nickel in New Caledonian through the Vale New Caledonia Project (6.9% shareholdings), and in the Philippines through the Taganito HPAL Project (15% shareholdings). With respect to rare metals, we are working with distribution focused on rechargeable battery materials. We also engage in the aluminum business, pursuing opportunities in Brazil through the Alunorte refinery (alumina) and the Albras smelter (aluminum ingot), and in China through Ruyuan Dongyangguang Fine Foil Co., Ltd. (20% shareholdings), an aluminum rolling company.

Machinery & Infrastructure Segment

The Machinery & Infrastructure Segment consists of two business units, the Infrastructure Projects Business Unit and the Integrated Transportation Systems Business Unit.

Infrastructure Projects Business Unit

The Infrastructure Projects Business Unit's mission is to upgrade and maintain infrastructure needed to facilitate social and economic development while helping to create a better global environment. In line with that mission, the business unit has been developing and operating the infrastructure project business in fields such as power generation, energy and mineral resources/basic industry, marine energy, water supply, and logistics, with the aim of creating infrastructure that contributes the future of society and nation building.

We draw on our strengths in project development, regional development, project structuring and business management to develop EPC projects including construction of plant facilities, while also creating businesses that contribute to the building of nations, and participate in projects where the business unit plays roles such as financing arrangements, business operations, management of plant and facility construction and also operations and maintenance contracts following plant completion.

In the area of electric power, the business unit focuses on independent power producer (IPP) business and soundly balances investment in thermal power, hydropower and renewable energy, while ensuring long-term and stable returns on the basis of long-term power sales contracts with users such as state-owned power companies. As of March 31, 2014, we have invested in 67 power generation projects in 20 countries, bringing Mitsui's total equity share of the combined power-generation capacity to 8,480 MW (including 1,818 MW attributable to facilities under construction).

In the energy, mineral resources and basic industry area, we pursue business in the marine energy sector, including that of FPSO (floating production, storage and offloading system for offshore oil and gas) facilities, as well as LNG facilities, pipeline and gas supply business, and core infrastructure business with a particular focus on shipping ports and transportation facilities on the mineral resource and energy value chain.

In the area of water treatment and supply, we develop and operate water supply and sewage, desalination, and wastewater treatment facilities in Mexico, Thailand, China and Europe.

In addition, we promote the development of infrastructure projects that contribute to the building of emerging nations, such as those for logistics and social infrastructure mainly involving harbor and airport business, and infrastructure necessary for a low-carbon society.

Integrated Transportation Systems Business Unit

The Integrated Transportation Systems Business Unit covers a wide range of business areas, from motor vehicles, mining and construction machinery, ships, aircraft, railways and other machinery to transportation systems.

In motor vehicles, the business unit has a long track record of exporting, manufacturing and marketing Japanese automobiles and parts, and has developed networks of subsidiaries and associated companies that act as import wholesalers, dealers and manufacturers of Japanese vehicles worldwide. For instance, we export motor vehicles of Toyota and other Japanese automakers to various countries around the globe, and are also involved in local production and sales. We also work on developing logistics services involving parts used in vehicle manufacturing, retail operations, and retail finance.

In the mining and construction machinery area, we engage in worldwide sales and ancillary services involving dump trucks for mining operations, hydraulic excavators and other types of mining and construction equipment.

In the ship business area, the business unit engages in trading newbuilding ships to ship owners and shipping companies in Japan and overseas, provides ship management services, acts as broker for chartering vessels and for sales and purchases of second-hand ships, and sells ship machinery to shipbuilders. The business unit also owns and operates ships (commercial ships and LNG carriers), both as a single entity and jointly with key business partners.

In the aerospace area, we provide and arrange sales, operating leases and finance leases for passenger and cargo aircraft and aircraft engines to airlines in Japan and overseas. We are also participating in the development of a new General Electric Company engine for the next generation of wide-body aircraft.

In the transportation area, we arrange rolling stock and locomotive operating and finance leasing in North America, Brazil and Europe, while providing relevant operating, maintenance and management services. We also engage in the business of general freight transport in Brazil.

Chemicals Segment

The Chemicals Segment consists of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit.

Basic Chemicals Business Unit

The Basic Chemicals Business Unit operates globally through both trading and business investment in the chemicals industry, which is evolving on a daily basis in the face of growing global demand. The business unit's product portfolio includes olefins, chlor-alkali, methanol, aromatics and industrial chemicals, as well as green-specialty chemicals and other basic chemicals.

In our trading business, we operate an extensive global sales network to accurately meet customers' constantly changing needs. Based on solid partnerships with customers built through the trading business, we actively engage in securing a wide range of chemical feedstock such as shale gas and biomass, handling green chemicals in response to recently heightening global awareness regarding the environment and renewable energy, and supporting overseas expansion of Japanese chemical manufacturers which have technologically advanced products. We aim to build a business structure that generates positive synergies whereby trade activities create opportunities for business investment, which in turn acts to further strengthen Mitsui's trading and logistics capabilities.

Performance Chemicals Business Unit

The Performance Chemicals Business Unit develops business that serves as a bridge to growth industries in close proximity to the chemical industry. The business unit focuses on two sectors: agricultural chemicals and food and nutrition chemicals, and performance and advanced materials. It also engages in businesses involving strategic alliances with business partners. In the area of agricultural chemicals and food and nutrition chemicals, the business unit aims to provide solutions for meeting anticipated steadily increasing global food demand. To that end, we focus on securing, manufacturing and selling natural resource-based raw materials for fertilizers in the phosphorus ore business among other businesses, an agricultural chemicals business in Europe (Mitsui AgriScience International S.A./N.V., "MASI"), fertilizer sales in Japan, sophisticated and integrated global distribution of ammonia and sulfur, and also the manufacture of feed additives in the U.S.A. (Novus International, Inc.). In the performance and advanced materials area, we act as a total solutions provider through a materials business that supports manufacturing by engaging in global distribution of plastics and inorganic materials. In the electronics area, we provide procurement and logistics services to electronics component manufacturers.

Energy Segment

The Energy Segment consists of two business units, the Energy Business Units I and II.

The Energy segment secures and provides a stable supply of energy that is indispensable to industrial society through exploration, development and production of energy resources including oil and natural gas/LNG, and trading and marketing of oil, natural gas/LNG, petroleum products, coal, uranium and other energy resources. The segment is also working toward the realization of a low-carbon society through environmental and next-generation energy businesses.

Exploration, development and production of oil and gas			
Subsidiaries	Major Location	Major Partners	Main Production Businesses
Mitsui Oil Exploration	Southeast Asia	Chevron	Oil and gas fields in Gulf of Thailand (Thailand)
Mitsui E&P Australia	Oceania	Woodside	Enfeld/Vincent oil fields (Australia)
Mitsui E&P Middle East	Middle East	Occidental	Block 9 & 27 oil fields (Oman)
Mitsui E&P USA	North America	Anadarko	Marcellus Shale (U.S.A.)
Mitsui E&P Texas	North America	Anadarko	Eagle Ford Shale (U.S.A.)
Mitsui E&P UK	Europe	Chevron, Conoco Phillips	Alba/Britannia oil and gas fields (North Sea, U.K.)

LNG			
Projects	Location	Annual LNG Production Capacity (million tons)	Ownership
Abu Dhabi LNG	Abu Dhabi, UAE	5.6	15.0%
Qatargas 1 LNG	Qatar	9.6	7.5%
Qatargas 3 LNG	Qatar	7.8	1.5%
Oman LNG	Oman	7.1	2.8%
Equatorial Guinea LNG	Equatorial Guinea	3.7	8.5%
Sakhalin Ⅱ LNG	Sakhalin, Russia	9.6	12.5%
Northwest Shelf LNG	Australia	16.3	8.3%
Tangguh LNG	Indonesia	7.6	2.3%

Lifestyle Segment

The Lifestyle Segment consists of three business units, the Food Resources Business Unit, the Food Products & Services Business Unit and the Consumer Service Business Unit.

Food Resources Business Unit

In the area of food resources, the Food Resources Business Unit engages in providing efficient and stable supplies of safe and reliable food products by securing sources of grains, oils and fats, sugars, livestock and marine products and other such items from major food producing regions worldwide. In the area of food materials, the business unit handles business involving edible oils, refined sugar, compound feed stuffs and other products on a global scale.

Food Products & Services Business Unit

In the Food Products & Services Business Unit, we aim to help ensure safe and reliable supplies of food products and to contribute toward bringing about more convenient lifestyles for consumers. To that end, we work with the Food Resources Business Unit in its efforts to build an extensive food value chain ranging from agricultural production, materials procurement and processing to retail support operations involving distribution, wholesaling and consumer sales. We also support our business partners in their efforts to achieve global expansion, with an eye toward changing lifestyles as the middle classes of emerging economies grow larger and as opportunities emerge from the Trans-Pacific Partnership (TPP) Agreement.

Consumer Service Business Unit

In the Consumer Service Business Unit, we aim to provide high-value-added services globally by utilizing Mitsui's comprehensive capabilities to make the world a better place to live in and Japan a more vigorous country. Accordingly, we promote and develop diverse businesses that meet the needs of customers in six business areas: medical and healthcare, services, real estate, housing and industrial materials, fashion, and media.

Innovation & Corporate Development Segment

The Innovation & Corporate Development Segment consists of one business unit, the Innovation & Corporate Development Business Unit.

In the Innovation & Corporate Development Segment, we take on operations involving information technology (IT), financial technology (FT) and logistics technology (LT), thereby efficiently and organically combining such functions in a diverse range of efforts geared toward expanding into more areas of business while creating next-generation businesses. We also work to strengthen and expand Mitsui's companywide earnings base by providing the Group with specialty functions across the organization.

In the information technology business area, we use information and communication technology (ICT) as a starting point in creating next-generation businesses that address the needs of the times, particularly given the prevalence of smartphones and other mobile information devices along with changes taking place in society and industry amid progress made with cloud-based services and other aspects of the ICT infrastructure. We are also working on e-commerce, online payment, and Internet marketing businesses in Japan and overseas, while in Asia and other emerging markets we are developing comprehensive Internet service businesses that include a high-speed mobile Internet business in Indonesia through PT Internux, partially owned by Mitsui. We are also focusing on building and pursuing new business that draws on information technology in fields, such as medical and healthcare, agriculture, and creating a services business using data applications, while also serving a broad spectrum of customers with comprehensive solutions involving network and systems integration, cloud computing and other services provided through Mitsui Knowledge Industry Co., Ltd. and other affiliated companies.

In the financial business, we are building a new platform for Mitsui's growth through investments targeting business areas and geographic regions with potential for future expansion. Through Mitsui subsidiaries specializing in principal investment such as Mitsui & Co. Global Investment Ltd. and Mitsui & Co., Principal Investments Ltd., we provide investment, fostering and other forms of support to top-notch venture companies based in Japan, U.S.A., China, Europe and the emerging economies of Asia, while also investing in domestic growth companies and mature enterprises in promising fields of business. Through this segment, Mitsui and its subsidiaries provide risk management functions using derivatives and help fulfill the hedging needs of Mitsui's customers and the Group against fluctuations in the prices of precious metals, non-ferrous metals, energy, agricultural products and various other commodities. Moreover, we draw on expertise gained from Mitsui's traditional businesses, and accumulate quality assets in the segment's logistics real estate and infrastructure fund business and its leasing business. Meanwhile, the segment performs an advisory function geared toward strengthening Mitsui's business base and restructuring businesses of associated companies, and it also makes use of its risk management capabilities in the insurance sector through risk consulting, insurance agency and broker businesses, thereby covering risk exposure associated with Company-related trade and business investment and ultimately contributing to increase the stability of Mitsui businesses.

In the field of logistics, we develop our business in Japan and abroad through Mitsui subsidiaries Tri-net Logistics Co., Ltd. and TRI-NET (JAPAN) INC. We also draw on the segment's logistics expertise to support Mitsui business activities by proposing optimal logistics strategies reflective of its on-site experience, thereby applying those strategies toward developing business in areas that include international transportation, warehousing and delivery centers, vessel chartering, and cold-chain logistics.

Americas Segment

The Americas Segment is engaged in sales and intermediary service of various commodities and conducts related businesses led by overseas trading subsidiaries and their affiliated companies in North and South American countries.

In the Metals business area, we build alliances with steelmakers, steel processors and major local customers in the U.S. and other countries, and focus our efforts on streamlining processes at each stage of the value chain. Through NuMit LLC, Mitsui and NuCor Corporation each hold a 50% stake in Steel Technologies Inc., a company which has operations in over 20 locations in North America where it provides a full range of processing services involving a wide range of steel products. Moreover, wholly-owned Mitsui subsidiaries Champions Pipe & Supply, Inc. and Cinco Pipe And Supply, LLC engage in sales of oil and gas well tubular products and other energy-related steel products.

In the Machinery & Infrastructure business area, the Americas Segment works with the Head Office in developing and operating various types of large-scale infrastructure projects and related businesses centered on the four areas of power generation, water treatment, transportation, and energy and mineral resources (oil and gas) in the Americas, focusing on Brazil and Mexico.

In the Chemicals Business area, we engage in trading and other business involving various organic and inorganic chemical products such as petrochemical products, food and feed additives, chemical fertilizers, pesticides, synthetic resins, and resin additives. Feed additive manufacturer Novus International, Inc., a 65%-owned subsidiary of Mitsui, produces and sells amino acids used in feedstuffs. In addition, Intercontinental Terminals Company LLC engages in chemical tank terminal operations.

In the Lifestyle business area, we develop businesses designed to meet consumer needs across an expansive range of business fields that include food materials and processed food products, as well as medical and healthcare, housing and industrial materials, the fashion business, services, and real estate. United Grain Corp. engages in the grain accumulation and export business. In addition, MBK Real Estate LLC maintains operations involving residences in California, and also engages in the business of assisted-living for senior citizens in California, Utah and Colorado.

Moreover, in the Energy and Innovation & Corporate Development business areas, we strive to identify new projects and other business opportunities, and to help such ventures take shape.

Europe, the Middle East and Africa Segment

The Europe, the Middle East and Africa Segment is engaged in sales and intermediary service of various commodities and conducts related businesses led by overseas trading subsidiaries in Europe, the Middle East, Africa and CIS countries.

In recent years, this segment has mainly conducted sales and intermediary services involving steel products, chemicals and machinery. In the Metals business area, for instance, we have been providing support services to Statoil ASA in the form of SCM for steel materials, while also remaining actively engaged in efforts that involve supplying high-grade sheet metal for automobiles and home appliances and selling steel products used in the energy industry. In the Machinery & Infrastructure business area, Mitsui and the founding family of Global Energy Holdings Limited of Scotland established GEG (Holdings) Limited as a joint venture holding company for businesses that Global Energy Holdings owns in the energy and resources industries. Mitsui has a 25% stake in GEG (Holdings) Limited. Global Energy Holdings provides a variety of value-added services to the energy industry through its capabilities in areas such as fabrication and assembly of large welded structures, inspection and repair, and technical assistance, while also extending support to the offshore wind power generation sector. In the Chemicals business area, we engage in sales and intermediary services involving chemical products and materials, drawing support from Mitsui's group-wide global network and relationships with large-scale manufacturers including Bayer AG.

In the Lifestyle business area, Mitsui wholly-owned subsidiary MBK Real Estate Europe Limited engages in the business of real estate development in London.

In the Middle East, we have established branch offices and representative offices in the United Arab Emirates, Qatar, Oman, Saudi Arabia and other locations. These offices collaborate with headquarter business units primarily in the fields of energy development and production, and projects of petrochemical and power plants.

Asia Pacific Segment

The Asia Pacific Segment is engaged in sales and intermediary service of various commodities and conducts related businesses led by overseas trading subsidiaries in Asia and Oceania countries.

ASEAN Region

In the ASEAN region, trading subsidiaries including Mitsui & Co. (Asia Pacific) Pte. Ltd., Mitsui & Co., (Thailand) Ltd., Mitsiam International Ltd. (Thailand) and PT Mitsui Indonesia (Indonesia), subsidiaries and associated companies jointly collaborate with the Head Office and engage in various business activities involving, among other things, chemical and metal products, industrial projects and foods. Our locally-based trading subsidiaries also establish various subsidiaries of their own and participate in joint ventures formed with third parties. As a typical example, Mitsui & Co. (Asia Pacific) Pte. Ltd. owns a 26% interest in Thai Tap Water Supply Public Company Limited (Thailand) through Mitsui Water Holdings (Thailand) Ltd., which supplies tap water in the vicinity of Bangkok, Thailand under long-term water supply agreements with local public water utilities.

Southwest Asia

Amid increasing deregulation of the Indian economy, the Asia Pacific Segment is currently engaged not only in import and export related transactions through Mitsui & Co., India Pvt. Ltd. but has also become involved in domestic manufacturing and sales operations. Furthermore, the segment is pursuing opportunities for investment in infrastructure, including logistics infrastructure.

Oceania

In Australia, Mitsui & Co. (Australia) Ltd. is active in the development of mineral resources such as iron ore and coal, as well as sales of energy and agricultural crops such as wheat, in collaboration with respective segments of the Head Office. Australia is a critical geographic area in our corporate strategy. Mitsui & Co. (Australia) Ltd. holds stakes in Australian companies Mitsui Iron Ore Development Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd. with equity shares of 20% and 30%, respectively.

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Domestic sales, export, import of steel products for construction and other steel products	Japan	100.0
	Bangkok Coil Center Co., Ltd.	Steel processing	Thailand	99.1
	Regency Steel Asia Pte Ltd.	Wholesale and retail of steel products	Singapore	92.5
Mineral & Metal Resources	Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia	70.0
	Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia	100.0
	Mitsui Raw Materials Development Pty. Limited	Investment in Sims Metal Management Ltd., a scrap metal recycler	Australia	100.0
	Oriente Copper Netherlands B.V.	Investment in and loan to copper business in Chile through Inversiones Mineras Acrux SpA	Netherlands	100.0
	Japan Collahuasi Resources B.V.	Investment in Collahuasi copper mine in Chile	Netherlands	61.9
	Mitsui Bussan Copper Investment & Co., Ltd.	Investment in Caserones copper mine in Chile	Japan	100.0
	MITSUI BUSSAN METALS CO., LTD.	Sales and trading of non-ferrous scrap, alloy and products	Japan	100.0
	Mitsui & Co. Mineral Resources Development (Asia) Corp.	Investments in nickel and cobalt smelting business in Philippines	Philippines	100.0
	Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	Mitsui & Co. Plant Systems, Ltd.	Sales of various plants, electric power facilities and transportation equipments	Japan	100.0
	KARUGAMO ENERGY MANAGEMENT PTY. LIMITED	Investments in power generation business	Australia	100.0
	MITSUI GAS E ENERGIA DO BRASIL LTDA.	Investments in gas distribution companies in Brazil	Brazil	100.0
	Mit Investment Manzanillo B.V.	Investment in LNG terminal in Mexico	Netherlands	100.0
	Drillship Investment B.V.	Investment in deepwater drilling service business	Netherlands	100.0
	MIT Gas Mexico, S. de R.L. de C.V.	Investments in gas distribution companies in Mexico	Mexico	100.0
	ME Servicos de Energia do Brasil Participacoes Ltda.	Cogeneration service business in Brazil	Brazil	90.0
	Mitsui Renewable Energy Europe Limited	Investment for renewable energy in Europe	United Kingdom	100.0
	ATLATEC, S.A. de C.V.	Designing, building and operation of wastewater treatment plants	Mexico	85.0
	MIT INFRASTRUCTURE EUROPE LIMITED	Investment in water business in Czech Republic	United Kingdom	100.0
	MIT Medini Sdn. Bhd.	Investment in smart city development in Malaysia	Malaysia	100.0
	MIT POWER CANADA LP INC.	Investment in Greenfield Power Generation Project in Ontario	Canada	100.0
	MIT Renewables Inc.	Investment in power producing business in Canada	Canada	100.0
	MIT Renewables Mexico, S.A.P.I. de C.V.	Investment in power producing business in Mexico	Mexico	100.0
	MyPower Corp.	Investment and management of power projects in U.S.	U.S.A.	100.0
	MIZHA ENERGIA PARTICIPACOES S.A.	Investment in power producing business in Brazil	Brazil	100.0
	Portek International Private Limited	Development and operation of container terminal	Singapore	90.0
	Tokyo International Air Cargo Terminal Ltd.	Operation of air cargo terminal at Tokyo International Airport	Japan	100.0
	Toyota Chile S.A.	Import and sales of automobiles and auto parts in Chile	Chile	100.0
	Mitsui Automotriz S.A.	Retail sales of automobiles and auto parts	Peru	100.0
	MITSUI AUTO FINANCE CHILE LTDA.	Automobile retail finance	Chile	100.0
	TRANSFREIGHT, LLC	Auto parts logistics business	U.S.A.	100.0
	Veloce Logistica SA	Auto parts logistics	Brazil	100.0
	Mitsui Bussan Automotive (Thailand) Co., Ltd.	Sales, leasing and service of automobiles	Thailand	100.0
	BAF (Thailand) Co., Ltd.	Motorcycle retail finance	Thailand	100.0
	PT. Bussan Auto Finance	Motorcycle retail finance	Indonesia	70.0
	Mitsui Automotive CIS Investment B.V.	Investment in automotive-related companies in Russia	Netherlands	100.0
	Komatsu-Mitsui Maquinarias Peru S.A.	Sales of construction and mining equipment	Peru	60.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	Road Machinery, LLC	Sales of construction and mining equipment	U.S.A.	100.0
	Orient Marine Co., Ltd.	Shipping business	Japan	100.0
	OMC SHIPPING PTE. LTD.	Shipping business	Singapore	100.0
	Mitsui Bussan Aerospace Co., Ltd.	Import and sales of helicopters and defense and aerospace products	Japan	100.0
	Mitsui Rail Capital Holdings, Inc.	Freightcar leasing and management in North America	U.S.A.	100.0
	Mitsui Rail Capital Europe B.V.	Locomotive leasing and management in Europe	Netherlands	100.0
	Mitsui Rail Capital Participacoes Ltda.	Freightcar leasing and management in Brazil	Brazil	100.0
Chemicals	DAIICHI TANKER CO., LTD.	Operation of chemical tankers	Japan	100.0
	Japan-Arabia Methanol Company Ltd.	Investments in methanol producing business in Saudi Arabia and sales of products	Japan	55.0
	MMTX Inc.	Investment in methanol producing business in U.S. and sale of products	U.S.A.	100.0
	Shark Bay Salt Pty. Ltd.	Production of salt	Australia	100.0
	Mitsui & Co. Texas Chlor-Alkali, Inc.	Investments in chlor-alkali producing business in U.S.	U.S.A.	100.0
	Mitsui Bussan Chemicals Co., Ltd.	Sales and trading of solvents and coating materials	Japan	100.0
	MITSUI & CO. PLASTICS LTD.	Sales of plastics and chemicals	Japan	100.0
	Mitsui Bussan Frontier Co., Ltd.	Export of electronics devices and EMS/SCM business	Japan	100.0
	Daito Chemical Co., Ltd.	Manufacture and sales of industrial chemicals	Japan	70.0
	Mitsui AgriScience International SA/NV	Investments in crop protection businesses in Europe	Belgium	100.0
	Mitsui Bussan Agro Business Co., Ltd.	Development and sales of fertilizers and agricultural products	Japan	100.0
	Mitsui Bussan Fertilizer Resources B.V.	Investment in phosphorus ore mining in Peru and global marketing business	Netherlands	100.0
Energy	Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan	73.6
	Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	Mitsui E&P Australia Pty Limited	Exploration, development and production of oil and natural gas	Australia	100.0
	Mitsui E&P UK Limited	Exploration, development and production of oil and natural gas in Europe & Africa	United Kingdom	100.0
	Mitsui E&P USA LLC	Exploration, development and production of oil and gas	U.S.A.	100.0
	Mitsui E&P Texas LP	Exploration, development and production of oil and gas	U.S.A.	100.0
	Westport Petroleum, Inc.	International trading of petroleum products and crude oil	U.S.A.	100.0
	Mitsui & Co. Energy Trading Singapore Pte. Ltd.	International trading of petroleum products and crude oil	Singapore	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Energy	Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands	100.0
	MITSUI & CO. LNG INVESTMENT LIMITED	Investment in LNG projects	United Kingdom	100.0
	Mitsui Gas Development Qatar B.V.	Exploration, development and production of oil and natural gas	Netherlands	100.0
	Mitsui E&P Mozambique Area 1 Limited	Exploration, development and production of oil and natural gas in Mozambique	United Kingdom	50.0
Lifestyle	PRIFOODS CO., LTD.	Production, processing and sales of broilers	Japan	46.4
	TOHO BUSSAN KAISHA, LTD.	Import and sales of agricultural and marine products	Japan	96.3
	WILSEY FOODS, INC.	Investments in processed oil food company	U.S.A.	90.0
	XINGU AGRI AG	Production and merchandising of agriproducts	Switzerland	100.0
	Multigrain Trading AG	Origination and merchandising of agricultural products	Switzerland	100.0
	San-ei Sucrochemical Co., Ltd.	Manufacture and sales of saccharified products, pharmaceuticals, feedstuffs and other products	Japan	70.0
	Mitsui Norin Co., Ltd.	Manufacture and sales of food products	Japan	100.0
	MITSUI ALIMENTOS LTDA.	Export of coffee beans and domestic sales of roasted coffee	Brazil	100.0
	MITSUI FOODS CO., LTD.	Wholesale of foods and beverages	Japan	100.0
	Bussan Logistics Solutions Co., Ltd.	Operation and management of logistics centers	Japan	100.0
	VENDOR SERVICE CO., LTD.	Sales and distribution of food and packaging materials	Japan	100.0
	RETAIL SYSTEM SERVICE CO., LTD.	Sales of foods and groceries, services for retailers	Japan	100.0
	Mitsui & Co. Facilities Ltd.	Property management	Japan	100.0
	Mitsui Bussan Woodchip Oceania Pty. Ltd.	Plantation, processing and sales of woodchip	Australia	100.0
	BUSSAN REAL ESTATE CO., LTD.	Real estate sales, leasing and management	Japan	100.0
	MBK Healthcare Partners Limited	Investment in IHH Healthcare Bhd.	United Kingdom	100.0
	MicroBiopharm Japan Co., Ltd.	Manufacture and sales of medicines and chemicals	Japan	80.0
	MITSUI BUSSAN INTER-FASHION LTD.	Planning and management of production and distribution of apparel	Japan	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Innovation & Corporate Development	MITSUI KNOWLEDGE INDUSTRY CO., LTD.	Planning, development and sales of information and communication systems	Japan	58.4
	Mitsui Electronics Inc.	Sales of electronics device and equipment	Japan	100.0
	Asia Pacific Mobile Pte. Ltd.	Investment in high-speed mobile service business in Indonesia	Singapore	100.0
	Mitsuibussan Insurance Co., Ltd.	Non life and life insurance agency services	Japan	100.0
	Mitsui & Co. Global Investment Ltd.	Investment in venture businesses	Japan	100.0
	Mitsui & Co., Principal Investments Ltd.	Investment in private equity	Japan	100.0
	Mitsui Bussan Commodities Ltd.	Trading of non-ferrous metals	United Kingdom	100.0
	Mitsui & Co. Precious Metals, Inc.	Trading of precious metals	U.S.A.	100.0
	Mitsui & Co. Commodity Risk Management Ltd.	Trading of energy derivatives	United Kingdom	100.0
	TRI-NET (JAPAN) INC.	International integrated transportation services	Japan	100.0
	Trinet Logistics Co., Ltd.	Domestic warehousing business	Japan	100.0
Americas	Mitsui Foods, Inc.	Trading canned foods, chilled foods, juice ingredient and coffee	U.S.A.	100.0
	United Grain Corporation of Oregon	Grain merchandising	U.S.A.	100.0
	Champions Pipe & Supply, Inc.	Sales of oil and gas well tubular products	U.S.A.	100.0
	MBK Real Estate LLC	Real estate-related business	U.S.A.	100.0
	Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A.	65.0
	Hydro Capital Corporation	Investment in water treatment plants in Mexico	U.S.A.	100.0
	Mit Wind Power Inc.	Investment in wind power generation company	U.S.A.	100.0
	Intercontinental Terminals Company LLC	Chemical tank leasing	U.S.A.	100.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	88.8
	Game Changer Holdings Inc.	Investment in steel processing company	U.S.A.	100.0
	Cinco Pipe And Supply, LLC	Sales of oil and gas well tubular products	U.S.A.	100.0
	Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A.	100.0
	Mitsui & Co. (Canada) Ltd.	Trading	Canada	100.0
	MITSUI & CO. (BRASIL) S.A.	Trading	Brazil	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Europe, the Middle East and Africa	EURO-MIT STAAL B.V.	Steel processing	Netherlands	90.0
	Mitsui & Co. Europe PLC	Trading	United Kingdom	100.0
	Mitsui & Co. Deutschland GmbH	Trading	Germany	100.0
	Mitsui & Co. Benelux S.A./N.V.	Trading	Belgium	100.0
	Mitsui & Co. Italia S.p.A.	Trading	Italy	100.0
	Mitsui & Co., Middle East Ltd.	Trading	United Arab Emirates	100.0
Asia Pacific	Mitsui Water Holdings (Thailand) Ltd.	Investment in water supply business	Thailand	100.0
	MIT POWER AUSTRALIA PTY LTD	Wind power generation	Australia	100.0
	Mitsui & Co. (Asia Pacific) Pte. Ltd.	Trading	Singapore	100.0
	Mitsui & Co. (Thailand) Ltd.	Trading	Thailand	100.0
	Mitsiam International Ltd.	Trading	Thailand	55.0
	Mitsui & Co. (Australia) Ltd.	Trading	Australia	100.0
All Other	Mitsui & Co. (Hong Kong) Ltd.	Trading	China	100.0
	Mitsui & Co. (China) Ltd.	Trading	China	100.0
	Mitsui & Co. (Shanghai) Ltd.	Trading	China	100.0
	Mitsui & Co. (Taiwan) Ltd.	Trading	Taiwan	100.0
	Mitsui & Co. Korea Ltd.	Trading	Korea	100.0
	Mitsui & Co. Financial Services Ltd.	Financing services within the Group	Japan	100.0
	Mitsui & Co. Financial Services (Asia) Ltd.	Financing services within the Group	Singapore	100.0
	Mitsui & Co. Financial Services (U.S.A.) Inc.	Financing services within the Group	U.S.A.	100.0
	Mitsui & Co. Financial Services (Europe) Plc	Financing services within the Group	United Kingdom	100.0
	MITSUI BUSSAN BUSINESS PARTNERS CO., LTD.	Provision of HR & GA services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui Bussan Trade Services Ltd.	Provision of logistics-related services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui Bussan Financial Management Ltd.	Provision of accounting and treasury-related services to Mitsui	Japan	100.0

* Mitsui Raw Materials Development Pty. Limited, Mitsui Bussan Copper Investment & Co., Ltd. and Tokyo International Air Cargo Terminal Ltd. were in a financial condition with liabilities in excess of assets. Amount of negative net worth as of March 31, 2014 were ¥29,024 million, ¥23,588 million and ¥27,177 million, respectively.

(3) Major Associated Companies

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Iron & Steel Products	*Shanghai Bao-Mit Steel Distribution Co., Ltd.	Processing and sales of steel products	China	35.0
	*Gestamp North America, Inc.	Manufacture of automotive components	U.S.A.	30.0
	*Gestamp Holding Mexico, S.L.	Manufacture of automotive components	Spain	30.0
	*Gestamp Brasil Industria De Autopecas S.A.	Manufacture of automotive components	Brazil	30.0
	*Gestamp Holding Argentina, S.L.	Manufacture of automotive components	Spain	30.0
Mineral & Metal Resources	Valepar S.A.	Holding Company of Vale S.A.	Brazil	18.2
	Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd.	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	25.0
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminium smelting business in Brazil	Japan	20.9
	SUMIC Nickel Netherlands B.V.	Investments in nickel smelting and refining business in New Caledonia and sales of products	Netherlands	47.6
	BHP Billiton Mitsui Coal Pty. Ltd.	Mining and sales of Australian coal	Australia	16.8
Machinery & Infrastructure	Toyo Engineering Corporation	Engineering and construction for industrial facilities	Japan	22.9
	*JM ENERGY CO., LIMITED	Investment in power generation business in China	Hong Kong	50.0
	*Galaxy Newspring Pte. Ltd.	Investments in water business in China	Singapore	50.0
	P.T. PAITON ENERGY	Power generation in Indonesia	Indonesia	40.5
	*Compania de Generacion Valladolid, S. de R.L. de C.V.	Power generation in Mexico	Mexico	50.0
	*IPM Eagle LLP	Investments in power generation business	United Kingdom	30.0
	*IPM (UK) Power Holdings Limited	Investments in power generation business	Gibraltar	26.3
	MT Falcon Holdings Company, S.A.P.I. de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	Penske Automotive Group, Inc.	Automotive retailer	U.S.A.	17.2
	*Toyota Canada Inc.	Import and sales of Toyota automobiles and parts	Canada	49.0
	*PT. Yamaha Indonesia Motor Manufacturing	Manufacture and sales of motorcycles	Indonesia	15.0
	KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD	Sales of construction and mining equipment	Australia	40.0
	*NATIONAL PLANT AND EQUIPMENT PTY LIMITED	Rental of mining equipment	Australia	49.9
Chemicals	*Santa Vitoria Acucar e Alcool Ltda	Production and sales of bio-ethanol	Brazil	50.0
Energy	*ENEOS GLOBE Corporation	LPG imports and marketing, fuel cell and photovoltaic systems marketing	Japan	30.0
	*Japan Australia LNG (MIMI) Pty. Ltd.	Exploration, development and sales of crude oil and natural gas	Australia	50.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Lifestyle	Nippon Formula Feed Manufacturing Company Limited	Manufacturing and sales of compound feedstuffs	Japan	42.9
	Mitsui Sugar Co., Ltd.	Manufacture of refined sugar	Japan	32.5
	The Kumphawapi Sugar Co., Ltd.	Production and sales of sugar	Thailand	44.7
	*AIM SERVICES CO., LTD.	Contract food services	Japan	50.0
	*Sumisho & Mitsuibussan Kenzai Co., Ltd.	Sales of building materials, contract of construction work and import of various building materials	Japan	50.0
	QVC JAPAN INC.	Direct marketing business which is mainly composed of TV shopping	Japan	40.0
	CCTV Shopping Co., Ltd.	Service for TV shopping business in China	China	25.0
Innovation & Corporate Development	Moshi Moshi Hotline, Inc.	Comprehensive telemarketing and direct marketing operations	Japan	34.4
	TPV Technology Limited	Design, manufacturing and sales of display related products	Bermuda	20.2
	JA Mitsui Leasing, Ltd.	Leasing and financing business	Japan	31.4
Europe, the Middle East and Africa	*ITC RUBIS TERMINAL ANTWERP NV	Chemical tank leasing	Belgium	50.0
	GEG (Holdings) Limited	Fabrication, upgrading, inspection and maintenance of welded structures	United Kingdom	25.0

(*1) SUMIC Nickel Netherlands B.V. was in a financial condition with liabilities in excess of assets. Amount of negative net worth as of March 31, 2014 was ¥25,917 million.
(*2) The companies with an asterisk, accounted for using the equity method, are joint ventures in accordance with IFRS 11 “Joint Arrangements.” For more information, see Note 2, “BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

(4) Other Affiliated Companies

Not applicable.

5. Employees

(1) Mitsui & Co., Ltd. and Subsidiaries

As of March 31, 2014

Operating Segment	Number of Employees	
Iron & Steel Products	1,882	(136)
Mineral & Metal Resources	457	(23)
Machinery & Infrastructure	18,804	(4,743)
Chemicals	2,727	(178)
Energy	758	(444)
Lifestyle	10,047	(4,646)
Innovation & Corporate Development	3,586	(2,027)
Americas	4,220	(64)
Europe, the Middle East and Africa	947	(18)
Asia Pacific	1,464	(82)
All Other	3,198	(209)
Total	48,090	(12,570)

(Notes) 1. The figures in parentheses in the number of employees column indicate the annual average number of temporary employees.
2. The number of employees at trading subsidiaries and their consolidated subsidiaries in China, Taiwan, Korea and CIS are included in "All Other."

(2) Mitsui & Co., Ltd.

As of March 31, 2014

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
6,160	42.4	19 years 1 month	13,515

Operating Segment	Number of Employees
Iron & Steel Products	357
Mineral & Metal Resources	252
Machinery & Infrastructure	789
Chemicals	641
Energy	416
Lifestyle	813
Innovation & Corporate Development	393
Americas	219
Europe, the Middle East and Africa	155
Asia Pacific	229
All Other	1,896
Total	6,160

(Notes) 1. The number of employees includes 1,304 seconded employees, 62 extended employment staff and 1 contract administrative staff. However, 335 contract workers (including 180 workers seconded to Mitsui from outside Mitsui) and 155 employees hired in overseas offices are not included.
2. The average yearly salary includes bonuses and overtime pay.
3. The number of headquarters employees working in China, Taiwan, Korea and CIS is included in "All Other."

(3) Trade Union

No material items to report.

2. Operating and Financial Review and Prospects

1. Overview of Business Results

(1) Operating Results

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2014 and 2013, 2) Operating Results by Operating Segment."

(2) Cash Flows

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 6) Cash Flows."

(3) Summary of Consolidated Financial Statements [US GAAP] (Years Ended March 31, 2014 and 2013)

1) Summary of Consolidated Balance Sheets [US GAAP]

	Millions of Yen	
	2014	2013
ASSETS		
Current Assets	¥ 4,430,279	¥ 4,631,531
Investments and Non-current Receivables	4,543,450	3,958,767
Property and Equipment	1,834,134	1,570,270
Intangible Assets	141,346	118,448
Deferred Tax Assets—Non-current	35,637	31,538
Other Assets	16,418	14,027
Total	¥ 11,001,264	¥ 10,324,581
LIABILITIES AND EQUITY		
Current Liabilities	¥ 2,972,161	¥ 3,045,330
Long-term Debt, less Current Maturities	3,432,501	3,184,957
Accrued Pension Costs and Liabilities for Severance Indemnities	69,492	68,312
Deferred Tax Liabilities—Non-current	309,309	266,544
Other Long-term Liabilities	349,735	319,334
Mitsui & Co., Ltd. Shareholders' equity	3,586,414	3,181,819
Noncontrolling interests	281,652	258,285
Total	¥ 11,001,264	¥ 10,324,581

2) Summary of Statements of Consolidated Income and Comprehensive Income [US GAAP]

Summary of Statements of Consolidated Income [US GAAP]

	Millions of Yen	
	2014	2013
Revenues	¥ 5,740,650	¥ 4,911,609
Cost of Revenues	(4,880,718)	(4,121,170)
Gross Profit	859,932	790,439
Other Expenses (Income)	(406,200)	(476,341)
Income before Income Taxes and Equity in Earnings	453,732	314,098
Income Taxes	(180,714)	(158,349)
Income before Equity in Earnings	273,018	155,749
Equity in Earnings of Associated Companies—Net	173,730	176,226
Net Income before Attribution of Noncontrolling Interests	446,748	331,975
Net Income Attributable to Noncontrolling Interests	(24,587)	(24,049)
Net Income Attributable to Mitsui & Co., Ltd.	422,161	307,926

Summary of Statements of Consolidated Comprehensive Income [US GAAP]

	Millions of Yen	
	2014	2013
Net Income before Attribution of Noncontrolling Interests	¥ 446,748	¥ 331,975
Other Comprehensive Income (after income tax effect)	137,312	340,322
Comprehensive Income before Attribution of Noncontrolling Interests	584,060	672,297
Comprehensive Income Attributable to Noncontrolling Interests	(34,822)	(41,037)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 549,238	¥ 631,260

3) Summary of Statements of Changes in Consolidated Equity [US GAAP]

	Millions of Yen	
	2014	2013
Common Stock:		
Balance at beginning of year	¥ 341,482	¥ 341,482
Balance at end of year	¥ 341,482	¥ 341,482
Capital Surplus:		
Balance at beginning of year	¥ 429,828	¥ 430,491
Changes of items during the period	(11,032)	(663)
Balance at end of year	¥ 418,796	¥ 429,828
Retained Earnings:		
Balance at beginning of year	¥ 2,474,661	¥ 2,257,994
Changes of items during the period	338,204	216,667
Balance at end of year	¥ 2,812,865	¥ 2,474,661
Accumulated Other Comprehensive Income (Loss) (After Income Tax Effect):		
Balance at beginning of year	¥ (58,178)	¥ (382,446)
Changes of items during the period	127,589	324,268
Balance at end of year	¥ 69,411	¥ (58,178)
Treasury Stock, at Cost:		
Balance at beginning of year	¥ (5,974)	¥ (6,203)
Changes of items during the period	(50,166)	229
Balance at end of year	¥ (56,140)	¥ (5,974)
Noncontrolling Interests:		
Balance at beginning of year	¥ 258,285	¥ 219,492
Changes of items during the period	23,367	38,793
Balance at end of year	¥ 281,652	¥ 258,285
Total Equity:		
Balance at beginning of year	¥ 3,440,104	¥ 2,860,810
Changes of items during the period	427,962	579,294
Balance at end of year	¥ 3,868,066	¥ 3,440,104

4) Summary of Statements of Consolidated Cash Flows [US GAAP]

	Millions of Yen	
	2014	2013
Cash flows from Operating Activities	¥ 521,524	¥ 461,430
Cash flows from Investing Activities	(704,516)	(753,297)
Cash flows from Financing Activities	(34,698)	221,635
Effect of Exchange Rate Changes on Cash and Cash Equivalents	17,595	64,294
Change in Cash and Cash Equivalents	(200,095)	(5,938)
Cash and Cash Equivalents at Beginning of Year	1,425,174	1,431,112
Cash and Cash Equivalents at End of Year	¥ 1,225,079	¥ 1,425,174

5) Changes in basis of Consolidated Financial Statement

There are no changes in basis of Consolidated Financial Statements for the years ended March 31, 2014 and 2013.

2. Purchases, Sales Contracts and Trading Transactions

(1) Purchases

In all operating segments, as the difference between the amount of purchases and total trading transactions is minimal compared to the amount of total trading transactions, this item is omitted.

(2) Sales Contracts

In all operating segments, as the difference between the amount of contracts and the amount of total trading transactions is minimal, this item is omitted.

(3) Trading Transactions

See “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2014 and 2013,” and Note 6, “SEGMENT INFORMATION.”

3. Management Issues

This Management Issues section contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements involve assumptions, risks, uncertainties and other factors, including, but not limited to, these described in “4. Risk Factors.” Such risks, uncertainties and other factors may cause Mitsui’s actual results to be materially different from any future results expressed or implied by these forward-looking statements.

(1) New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-”

Note: The following describes the contents of the New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-” announced in May 2014. Descriptions include figures prepared based on US GAAP.

1) Basic policies of the New Medium-term Management Plan

With Mitsui’s long-term management vision “Dynamic Evolution as a 21st Century Global Business Enabler” announced in March 2009 in mind, we established a new medium-term management plan entitled “Challenge & Innovation for 2020 -Demonstrating the Mitsui Premium-” in which the next three years are positioned as a crucial period during which our path towards demonstrating this vision is solidified. The following are the basic policies of the New Medium-term Management Plan and our vision for 2020.

2) Overview of the New Medium-term Management Plan

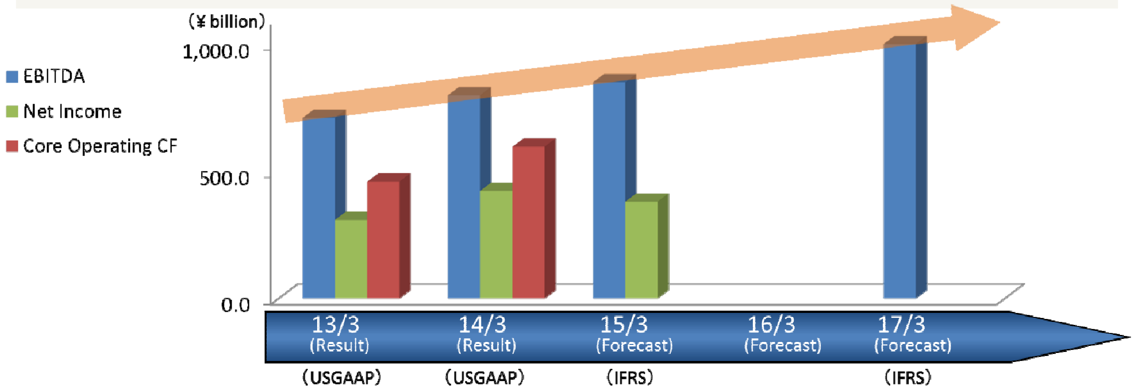
i) Pursue both growth investments and return to shareholders backed by strong cash generation capabilities

In the establishment of the New Medium-term Management Plan, we have reexamined the competitive positions of our key business assets and investment activities and, as shown in Fig. 1 below, this enabled us to verify again that our underlying core operating cash flow will remain strong and will continue well into the future. As shown in Fig. 2 below, we will allocate cash flows generated by business activities and existing investment projects to shareholder return and investments in new businesses that will contribute to our future growth.

(Fig. 1)

Profitability / Cash flow index

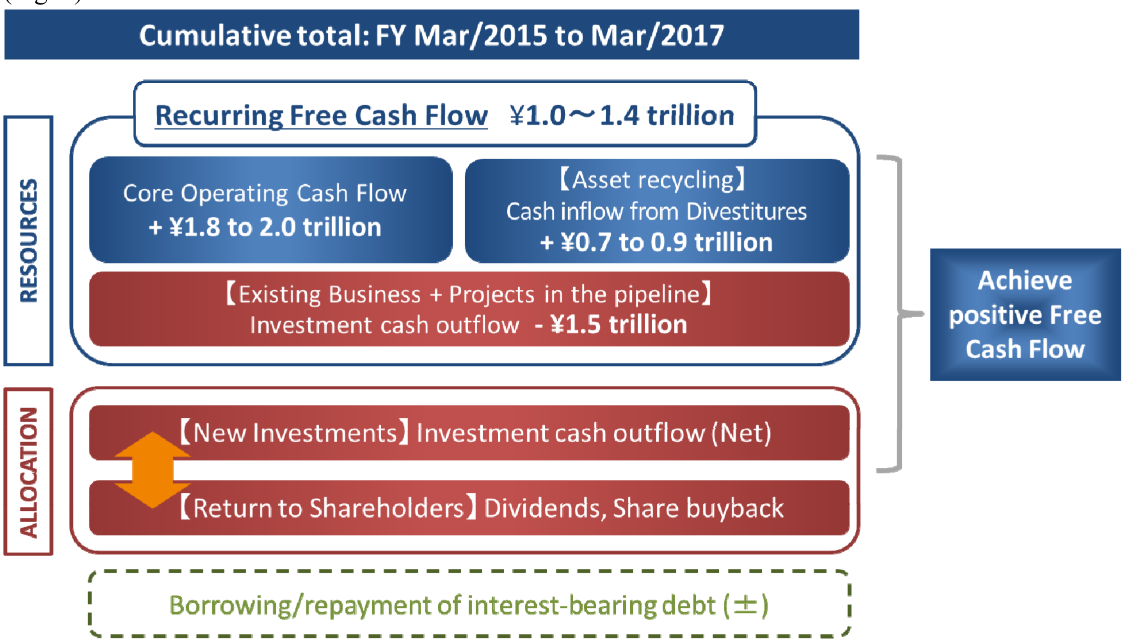
- EBITDA (*1) : Measures underlying earning power
- Consolidated Net Income : Base index to measure performance under IFRS
- Core Operating CF (*2) : Measures cash generation capabilities, source of cash reallocation



	13/3	14/3	15/3	16/3	17/3
EBITDA	709.7	798.6	850		1,000
Net Income	307.9	422.2	380		
Core Operating CF	459.0	596.4	1,800 ～ 2,000 (3 years cumulative)		

*1: Gross Profit - Expenses + Dividend Income + Equity Earnings + Depreciation/Amortization
*2: Operating CF - Increase / decrease in Working Capital related CF

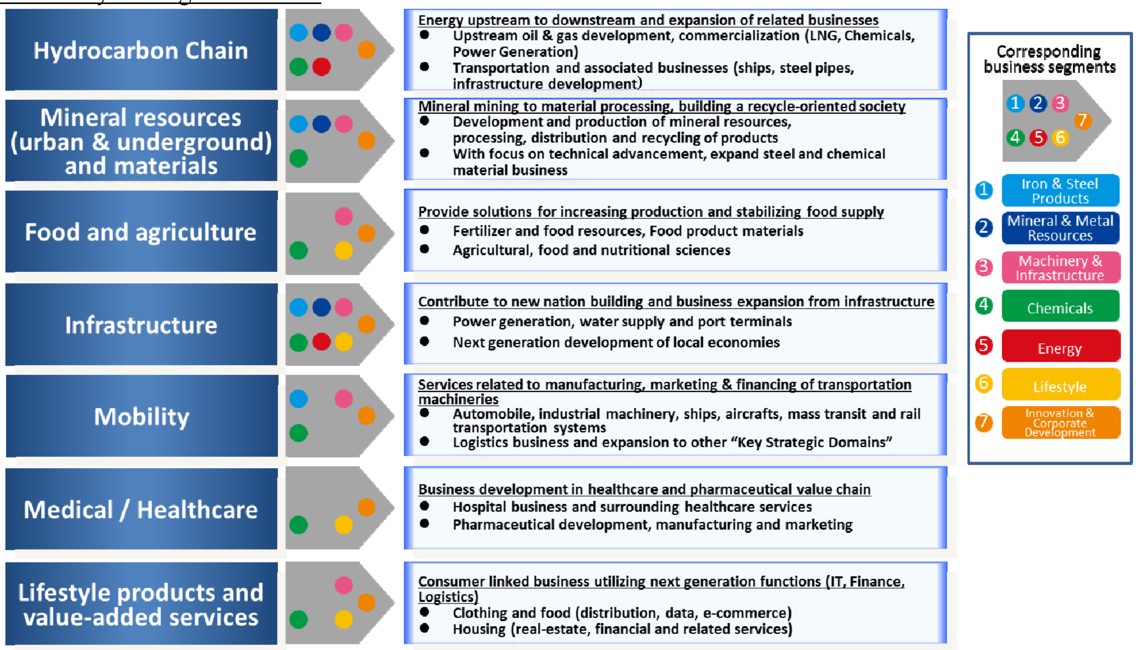
(Fig. 2)



ii) Seven key strategic domains and Four key initiatives

Under the New Medium-term Management Plan, we will bolster our distribution earnings base, improve our existing projects and realize the execution of superior projects in the pipeline anticipated to contribute to earnings over the next several years all in an effort to further strengthen our cash flow generation capabilities based on our superior and competitive business portfolio. To realize this, each of our operating segments will accelerate onsite initiatives leveraging our comprehensive strengths centered on the following seven key strategic domains, exploring each individual area to uncover various businesses, carefully screening new investments in these seven key strategic domains and discovering and developing more dynamic projects.

Seven Key Strategic Domains:



In addition, we will implement the four key initiatives specified by the New Medium-term Management Plan: 1) evolution of portfolio strategy, 2) enhanced capacity for global development, 3) reinforced group management structure, and 4) innovation for the next generation to ensure demonstrating the plan.

Four Key Initiatives:

Evolution of portfolio strategy

- Accumulation of good quality assets
  - ⇒Improve earnings of Existing Business & fully execute Projects in the pipeline
  - ⇒Strategic asset recycling
  - ⇒Small to medium size investments in strategic areas
- Achieve positive Free Cash Flow
  - ⇒Reinforced management system of investments & loans

Enhanced capacity for global development

- Hybrid management system based on both commodity and region
- Priority countries : China, India, Indonesia, Russia, Mexico, Myanmar, Mozambique, Chile (new), Turkey(new)
- Maintain focus on United States, Australia and Brazil

Reinforced group management structure

- Reinforce front line management
- Nurture talented individuals capable of managing operations at both parent and subsidiary level
- Prioritize placement of individuals according to Key Strategic Domains

Innovation for the next generation

- Take measures to create businesses for the next-generation, and promote autonomous application
- Continue to engage in business creation targeting Japan

iii) Quantitative Targets

Quantitative targets are shown in Fig. 1 on i) and Fig. 3 below.

(Fig. 3)

Pursue improvement of capital efficiency while maintaining financial stability

	FY Mar/2014 (USGAAP)	FY Mar/2017 (IFRS)
ROE	12.5%	10 to 12%
Net DER	X 0.90	X 0.8

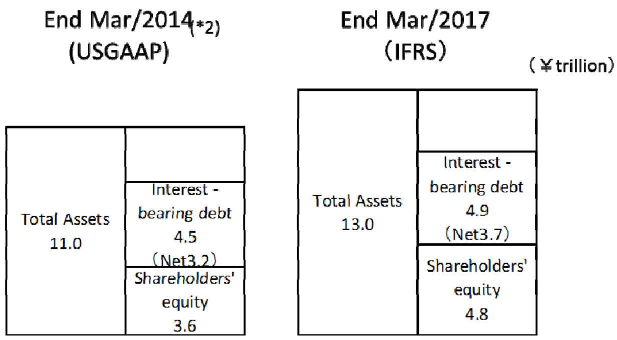
B/S image (*1)

*1 Excluding any impact of potential share buyback

*2 Adjustment due to adoption of IFRS (preliminary figures)

Total Assets + ¥0.5 trillion

Shareholders' Equity + ¥0.2 trillion



For further information regarding investments and asset recycling, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 4) Investment and Loan, Financial Policies."

For further information regarding shareholder return policy, see "4. Corporate Information, 3. Shareholder Return Policy."

(2) Forecasts for the year ending March 31, 2015

1) Forecasts for the year ending March 31, 2015

[Assumption]		
Exchange rate (JPY/USD)	100.00	100.49
Crude oil price (JCC)	$102/bbl	$110/bbl
Consolidated oil price	$104/bbl	$110/bbl

(Billions of Yen)

	March 31, 2015 Forecast	March 31, 2014 Result	Change
Gross profit	850.0	880.1	(30.1)
Selling, general and administrative expenses	(580.0)	(574.9)	(5.1)
Gain (loss) on investments, fixed assets and other	0.0	(34.4)	34.4
Interest expenses	(20.0)	(15.5)	(4.5)
Dividend income	110.0	124.0	(14.0)
Share of profit of investments accounted for using the equity method	230.0	171.2	58.8
Profit before income taxes	590.0	550.5	39.5
Income taxes	(190.0)	(176.7)	(13.3)
Non-controlling interests	(20.0)	(23.7)	3.7
Profit for the year attributable to owners of the parent	380.0	350.1	29.9

EBITDA (*)	850.0	819.6	30.4

(*) We use EBITDA as a measure of underlying earning power.
EBITDA = Gross profit – Selling, general and administrative expenses + Dividend Income + Equity earnings + Depreciation/Amortization

EBITDA for the year ending March 31, 2015 is expected to be ¥850.0 billion and profit for the year attributable to owners of the parent is expected to be ¥380.0 billion.

We assume foreign exchange rates for the year ending March 31, 2015 will be ¥100/US$, ¥95/AU$ and ¥45/BRL, while average foreign exchange rates for the year ended March 31, 2014 were ¥100.49/US$, ¥92.91/AU$ and ¥44.67/BRL. Our assumption for the annual average crude oil price applicable to our financial results for the year ending March 31, 2015 is US$104/barrel, down US$6 from US$110/barrel applied for the year ended March 31, 2014, based on the assumption that the crude oil price (JCC) will be maintained at US$102/barrel throughout the year ending March 31, 2015.

The forecast for annual operating results by operating segment compared to the results for the year ended March 31, 2014 is as follows:

(Billions of yen)	Year ending March 31, 2015	Year ended March 31, 2014	Change
Iron & Steel Products	8.0	14.6	(6.6)
Mineral & Metal Resources	118.0	88.1	29.9
Machinery & Infrastructure	38.0	17.1	20.9
Chemicals	8.0	8.4	(0.4)
Energy	140.0	188.4	(48.4)
Lifestyle	14.0	12.1	1.9
Innovation & Corporate Development	(2.0)	(12.3)	10.3
Americas	16.0	13.7	2.3
Europe, the Middle East and Africa	1.0	0.4	0.6
Asia Pacific	33.0	30.7	2.3
All Other/Adjustments and Eliminations	6.0	(11.1)	17.1
Consolidated total	380.0	350.1	29.9

- Projected profit for the year attributable to owners of the parent from the Iron & Steel Products Segment for the year ending March 31, 2015 is ¥8.0 billion, a decline of ¥6.6 billion from the year ended March 31, 2014. We expect a reversal effect of a gain on securities recorded in the year ended March 31, 2014.

- Projected profit for the year attributable to owners of the parent from the Mineral & Metal Resources Segment is ¥118.0 billion, an increase of ¥29.9 billion from the year ended March 31, 2014. While the commodity prices are expected to decline, we also expect a reversal effect of tax related loss reported by Valepar and the impairment loss on coal mines and the investment in the Caserones copper and molybdenum project recorded in the year ended March 31, 2014.

- Projected profit for the year attributable to owners of the parent from the Machinery & Infrastructure Segment is ¥38.0 billion, an increase of ¥20.9 billion from the year ended March 31, 2014. The primary reasons for the increase are a reversal effect of one-time losses recorded in the year ended March 31, 2014; a decline in the research and development costs for the development of a new aircraft engine; and contributions from businesses acquired in the year ended March 31, 2014.

- Projected profit for the year attributable to owners of the parent from the Chemicals Segment is ¥8.0 billion, a decline of ¥0.4 billion from the year ended March 31, 2014. We expect the negative effect of the asset transfer at P. T. Kaltim Pasifik Amoniak.

- Projected profit for the year attributable to owners of the parent from the Energy Segment is ¥140.0 billion, a decline of ¥48.4 billion from the year ended March 31, 2014. In addition to the decline in dividends from LNG projects, we expect a reversal effect of gains on sale of shares in Mitsui Oil Co., Ltd. and interests in oil fields recorded in the year ended March 31, 2014.

- Projected profit for the year attributable to owners of the parent from the Lifestyle Segment is ¥14.0 billion, an increase of ¥1.9 billion from the year ended March 31, 2014. We anticipate a profit growth in grain trading, while we expect a reversal effect of gains on sales of fixed assets recorded in the year ended March 31, 2014.

- Projected profit for the year attributable to owners of the parent from the Innovation & Corporate Development Segment is ¥2.0 billion, an improvement of ¥10.3 billion from the year ended March 31, 2014. We expect the reversal effect of an impairment loss on shares in TPV Technology Limited recorded in the year ended March 31, 2014, as well as a recovery in commodity derivatives trading business.

- Projected profit for the year attributable to owners of the parent from the Americas Segment is ¥16.0 billion, an increase of ¥2.3 billion from the year ended March 31, 2014, reflecting a recovery in United Grain Corporation. Projected profit for the year attributable to owners of the parent from the Europe, the Middle East and Africa Segment is ¥1.0 billion, an increase of ¥0.6 billion from the year ended March 31, 2014. Projected profit for the year attributable to owners of the parent from the Asia Pacific Segment is ¥33.0 billion, an increase of ¥2.3 billion from the year ended March 31, 2014, due to decreases in this segment's portion of profit from subsidiaries of the Mineral & Metal Resources.

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

The table below shows assumptions for key commodity prices and other parameters for the projected profit for the year attributable to owners of the parent for the year ending March 31, 2015. Effects of price movements for each commodity on annual profit for the year attributable to owners of the parent are included in the table.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2015			March 2015 Assumption	March 2014 Result
Commodity	Crude Oil/JCC	¥1.8 bn (US$1/bbl)	102	110
	Consolidated Oil Price (*1)		104	110
	U.S. Natural Gas (*2)	¥0.3 bn (US$0.1/mmBtu) (*2)	4.25 (*3)	3.73
	Iron Ore	¥2.5 bn (US$1/ton)	(*4)	122 (*5)
	Copper	¥0.7 bn (US$100/ton)	7,000	7,326 (*6)
Forex (*7)	USD	¥2.7 bn (¥1/USD)	100	100.49
	AUD	¥1.5 bn (¥1/AUD)	95	92.91
	BRL	¥0.5 bn (¥1/BRL)	45	44.67

(*1) The oil price trend is reflected in profit for the year attributable to owners of the parent with a 0-6 month time lag. We assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 4-6 month time lag, 35%; 1-3 month time lag, 41%; no time lag, 24% for the year ending March 31, 2015.
(*2) US shale gas is not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales price.
(*3) For natural gas sold in the US on HH linked prices, the assumed price used is US$4.25/mmBtu.
(*4) We refrain from disclosing the iron ore price assumptions.
(*5) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2013 to March 2014
(*6) Average of LME cash settlement price during January 2013 to December 2013
(*7) Impact of currency fluctuation on profit for the year attributable to owners of the parent of overseas subsidiaries and associated companies (denomination in functional currency) against the Japanese yen

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for profit for the year attributable to owners of the parent for the years ended March 31, 2013 and 2014 reported by overseas subsidiaries and associated companies were ¥380.3 billion and ¥394.2 billion, respectively. These companies principally use the U.S. dollar, the Australian dollar and the Brazilian real as functional currencies in their reporting.

We conducted a simplified estimation for the effect of foreign currency exchange fluctuations on profit for the year attributable to owners of the parent for the year ending March 2015.

i) We aggregated a total projected profit for the year attributable to owners of the parent in the business plans of these companies covering the year ending March 31, 2015, according to their functional currencies. Firstly, we aggregated Australian dollar and Brazilian real denominated projected profit for the year attributable to owners of the parent of those companies using two currencies as functional currencies. Secondly, we aggregated the rest of the projected profit for the year attributable to owners of the parent from overseas subsidiaries and associated companies as a US dollar-equivalent amount. We conducted a sensitivity analysis on foreign currency fluctuation for three categories of aggregated profit for the year attributable to owners of the parent.

For example; yen appreciation of ¥1 against US$1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥2.7 billion. Specifically, for the profit for the year attributable to owners of the parent from those companies using Australian dollar and Brazilian real as functional currencies, appreciation of ¥1 against Australian AU$1 and BRL$1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥1.5 billion and ¥0.5 billion, respectively.

ii) Profit for the year attributable to owners of the parent from those mineral resources and energy producing companies are affected by the currency fluctuation between U.S. dollar as a contractual currency of sales contracts and the two currencies as functional currency, affecting their Australian dollar or Brazilian real denominated revenues. Attention should be paid to this, in addition to the impact that is discussed in i) above.

iii) Furthermore, some subsidiaries and associated companies, including the mineral resources and energy related production companies, carry out hedging on the exchange rates between their functional currencies and the U.S. dollar, which is the contract currency for sales contracts. There are also cases that they carry out exchange rate hedging for yen equivalence valuation of profit for the year attributable to owners of the parent that is denominated in foreign currencies. It is necessary to take the impact of these factors into consideration separately from the sensitivity resulting from the yen equivalence valuation of profit for the year attributable to owners of the parent in each of the three currencies mentioned in i) above.

4. Risk Factors

(1) Declines in volume of trade and the flow of goods and materials resulting from worldwide or specific region's economic downturns may adversely affect our business, operating results and financial condition.

Our global business activities are affected by economic conditions both globally and regionally. Among other locations, we are particularly vulnerable to downward economic trends in Europe, Japan, China, the United States and emerging countries. An economic downturn may cause a reduction in the flow of goods and materials, a decline in consumer spending and capital investment, and subsequently a decline in demand from our customers for our products and services, which may have an adverse impact on our business, operating results and financial condition.

(2) Fluctuations in commodity prices, especially crude oil, iron ore, coal and copper, may adversely affect our business, operating results and financial condition.

We are engaged in trades in and, as the case may be, production of a variety of commodities in the global commodities market including mineral resources and energy products. Among others, operating results from our mineral resources and energy producing activities account for significant portion in our overall operating results. These commodity markets can be volatile in a short period or seasonally fluctuate by various factors such as imbalance of supply and demand, economic fluctuation, inventory adjustment, and exchange rate fluctuations. These factors are beyond our control. The unexpected market fluctuations may adversely affect our business, operating results and financial condition, as follows.

- At businesses such as mineral resources and/or energy development projects, in which large amounts of investment has been made, it may occur that the invested amount is not recoverable through sales of the produced products due to a fall in price or we may have difficulty in divesting our proprietary equity at a reasonable price.
- A decline in the value of our investments in LNG projects which are recognized to designate as at fair value through other comprehensive income ("FVTOCI"), could adversely affect our operating results and financial condition due to the decline of other comprehensive income.
- In trading of commodities or derivative instruments losses may occur as a result of unexpected fluctuations.
- Fluctuations in a commodity market may cause a reduction of trading transactions in which we act as a principal or an agent.

For further information about the impact of commodity price fluctuations on our operating results for the year ended March 31, 2014 and possible effects in the future, see "3. Management Issues, (2) Forecasts for the Year Ending March 31, 2015" and "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2014 and 2013."

(3) Exchange rate fluctuations may adversely affect our operating results.

We are exposed to risk of exchange rate fluctuations and exchange rate fluctuations may have an adverse effect on our operating results. Although our reporting currency is the Japanese yen, a significant portion of our business operations, consolidated revenues and operating expenses is denominated in currencies other than the Japanese yen. As a result, appreciation or depreciation in the value of other currencies as compared to the Japanese yen could result in material transactional gains or losses. As most of revenues, costs of revenues, and selling, general and administrative expenses incurred from regular business activities at overseas subsidiaries and associated companies are quoted in the U.S. dollar, the Australian dollar, the Brazilian real, or other currencies, our profit for the year may be affected by the fluctuations of these currencies and we are exposed to translation risk in our assets and liabilities denominated in foreign currencies. In addition, exchange rate fluctuations may reduce the value of investments in overseas subsidiaries and associated companies as well as in FVTOCI, and adversely affect our accumulated other comprehensive income.

For further information about the impact of exchange rate fluctuations on our operating results for the year ended March 31, 2014 and in the future, see "3. Management Issues, (2) Forecasts for the Year Ending March 31, 2015" and "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources."

(4) We are subject to substantial amount of counterparty credit risks from diversified clients with which we have business transactions or financial dealings and/or credit risks from various projects.

We are exposed to large-scale counterparty credit risks, including the following:

- While many of our customers purchase products and services from us on credit, we may also provide financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2014, our current trade receivables (less allowance for doubtful receivables—current) were ¥2,041.7 billion, representing 17.8% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2014 was ¥14.6 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.
- We have counterparty payment risk from various derivative transactions we enter into as part of our hedging activities.

It is not possible for our credit risk management policy to eliminate risks completely relating to the deterioration of the financial positions of our counterparties. Furthermore, factors such as insolvencies among our customers caused by liquidity crises, sudden falls in real estate market or stock market prices, or increases in company bankruptcies may make it difficult for us to collect receivables.

(5) Changes in interest rates could have an adverse effect on our operating results.

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions, including ¥436.9 billion short-term debt and ¥3,974.2 billion long-term debt as of March 31, 2014. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results.

For information on the status of our funding, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources” and Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS”

(6) If the value of assets for our own use and/or rental to third parties, such as equipment and fixtures, land and buildings declines, we may record impairment losses.

Assets for our own use and/or rental to third parties, such as equipment and fixtures, land and buildings are exposed to potential significant impairment losses due to the decline in the value of these assets. The total of the carrying amounts of property, plant and equipment, investment property and intangible assets was ¥2,290.9 billion, as of March 31, 2014. The carrying amounts of assets for our own use and/or rental to third parties are affected by certain factors, which are beyond our control such as changes in price, sales volume, production volume and cost based on global or local supply and demand. When impairment losses on these assets occur, impairment losses may have an adverse effect on our operating results and financial condition.

For information on our accounting policies and estimates with respect to impairment on non-financial assets, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates.”

(7) Declines in the market value of domestic and foreign equity and/or debt securities may decrease the value of our pension plan assets which in turn may increase the cost of satisfying our unfunded defined benefit obligation.

Declines in the market value of domestic and foreign government bonds, other debt securities and marketable equity securities would reduce the value of our pension plan assets. A decline in the value of our pension plan assets or an increase in our unfunded defined benefit obligation could adversely affect our operating results and financial condition due to the decline of other comprehensive income and retained earnings.

For information on our pension costs, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates” and Note 18, “EMPLOYEE BENEFITS.”

(8) Our liquidity could be adversely affected by turmoil in financial markets, a downgrade in our credit ratings, significant changes in the lending or investment policies of our lenders or institutional investors.

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lending or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity.

For information on our funding sources and credit ratings, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources.”

(9) Due to our significant investments in marketable equity financial assets, a substantial decline in the stock market could negatively affect our investment portfolio.

A significant portion of our investment portfolio consists of marketable equity financial assets. At March 31, 2014, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥517.0 billion, representing 4.5% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could negatively impact the value of our investment portfolio and operating results and financial condition due to the decline of other comprehensive income.

(10) Decrease in deferred tax assets due to the changes in the assessment for recoverability of deferred tax assets may adversely affect our operating results and financial condition.

We determine the recoverability of deferred tax assets based on all currently available information, including tax deductibility of accounting losses, their timing as well as future taxable income at Mitsui and the subsidiaries. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable, while the amount of recoverable net deferred tax assets may change if estimates of future taxable income are changed or if tax laws and regulations including statutory tax rates are revised.

A worsening of our operating environment could negatively affect our ability to achieve the goals set in our business plan, and future taxable income may decrease compared to the amount anticipated in the current tax planning strategies. In such cases, decrease in deferred tax assets due to the changes in assessment for recoverability of deferred tax assets may adversely affect our operating results and financial conditions.

In March 2012, the Australian Mineral Resource Rent Tax Act 2012 (hereinafter, MRRT) and Expansion of the Petroleum Resource Rent Tax Act (hereinafter, PRRT) were enacted.
Under the MRRT and PRRT, companies are allowed to elect to use the 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 deductions for the amortization of the market value of the project. As we apply the market value approach, we recorded deferred tax assets for the operating assets based on the differences in book values between those for accounting purposes and tax purposes (the market value as of May 1, 2010) except for the portion that are deemed not to be recoverable.
A future decline of the commodity prices may result in a worsening of each project’s future taxable income compared to the amount anticipated in the current projection. In such cases, a decrease in deferred tax assets due to the changes in assessment for recoverability of deferred tax assets may adversely affect our operating results and financial conditions.
For information on our accounting policies and estimates with respect to deferred tax asset valuation, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates.”

(11) Some of our operations are concentrated in a limited number of regions or countries, which could harm our business, operating results and financial condition if activity levels in these regions or countries decline.

Various types of businesses worldwide sometimes expose us to risks associated with regional political and economic instabilities, in addition to aspects of the global economic environment such as commodity market conditions, demand and supply for commodities, currency exchange rates and interest rates. Furthermore, some of our business activities may be exposed to concentration risk in particular industries located in specific regions or countries. For example:

- In Brazil, Chile and Russia, we have significant interests in the exploration, development and production of mineral resources and energy.
- In Indonesia, we actively participate in infrastructure projects, including the operation of power plants, and maintain a nationwide motorcycle retail finance business.

As a result, declining levels of trading activities or asset volumes in specific sectors or in certain regions or countries, or unexpected political or economic instabilities could have a disproportionately negative effect on our business, operating results and financial condition.

(12) We may not be able to successfully restructure or eliminate unprofitable or underperforming subsidiaries or associated companies in a timely manner.

As of March 31, 2014, we had 272 consolidated subsidiaries and 154 equity accounted investees. We have been continuously restructuring underperforming businesses of our consolidated subsidiaries and associated companies using a process we have introduced to assess their profitability. If we fail to successfully restructure or eliminate our underperforming subsidiaries and associated companies in a timely manner, or if these efforts fail to improve our business operations as contemplated, our business operations may become less efficient and our operating results and financial condition may be adversely affected.

(13) Our alliances by forming joint ventures with third parties and strategic investments in third parties may not necessarily result in successful operations.

We participate in various businesses directly or indirectly through joint ventures or by making strategic investments in other companies and business enterprises. The outcome of these joint ventures and strategic investments is unpredictable because:

- operational success is critically dependent on factors that are beyond our control such as the financial condition and performance of the partner companies or the strategic investees; or
- with respect to certain associated companies, we may be unable to exercise adequate control over the management, operations and assets of the companies in which we invested or may be unable to make major decisions without the consent of other shareholders or participants due to lack of common business goals and strategic objectives with our alliance partners.

Any occurrence of these events could have an adverse effect on our operating results and financial condition.

(14) Our businesses in exploration, development and production of mineral resources and oil and gas may not develop in line with assumed costs and schedules, and are subject to the risks associated with estimating reserves and the operating performance of third party operators.

Reflecting the rising prices of mineral resources and oil and gas as well as increased production in recent years, exploration, development and production of mineral resources and oil and gas are becoming more significant to our operating results and financial condition. Mining and oil and gas projects involve risks, such as the following:

- development of projects may face schedule delays or cost overruns than originally planned, due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations including environmental aspect;
- reserves are estimated based on available geological, technical, contractual and economic information, and thus actual development and production may significantly differ from originally estimated reserves; and
- exploration activities may not produce successful results and thus it is possible that reserve replacement cannot be achieved based on the assumed cost and time schedule.

We participate as a non-operator in many of these projects. Under these circumstances, we carefully consider the business potential and profitability of projects based on the information and data provided by operators, who substantially control operations of such projects, including decision-making in the course of development and production. In addition to the above-mentioned risks, an operator’s failure in managing those projects may adversely affect our operating results and financial condition.

(15) Intense competition from other Japanese general trading companies and others could have an adverse effect on our operating results and financial condition.

Products and services we provide are generally under competition. Other Japanese general trading companies as well as other competitors which engage in similar business activities in various fields may have stronger business associations and relationships with our customers, suppliers and business partners in both domestic and global markets; or stronger global network and regional expertise, diversified global customer bases, greater financial engineering skills and market insights.

Unless we can successfully continue to meet the changing needs of our customers by providing them with innovative and integrated services in a cost effective manner, we may lose our market share or relationships with our existing customers, and we may have an adverse effect on our operating results and financial condition.

(16) We may lose opportunities for entry into new business areas because of the limitation of resources on business, particularly required human resources.

In new businesses, we are investing human resources that are capable of planning and evaluating business, executing projects and managing and supervising workforce. However, in certain business areas, we may have a shortage of required human resources, which could cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results and financial condition.

(17) Restrictions under environmental laws and regulations may have a significant impact on our business, operating results and financial condition.

Various projects and business transactions worldwide we are involved in are subject to extensive environmental laws and regulations. In particular, the Mineral & Metal Resources Segment and Energy Segment may be adversely affected by present or future environmental regulations or enforcement in connection with our exploration, development and production activities. For example, we are subject to complex sets of environmental regulations in Australia, Brazil, Chile, Russia, and the Middle East. These laws and regulations may require us to perform site clean-ups; require us to curtail or cease certain operations; impose fines and payments for significant environmental damage; require us to install costly pollution control equipment; and require us to modify our operations. Newly enacted environmental laws and regulations or changes therein and protests by environmental groups may materially impact the progress of these projects.

Once an environmental accident occurs, as the owner of mineral resource and energy interests, regardless of the degree of our contribution to such accidents or acts of negligence, we may be imposed to bear fines or payments for compensation from environmental authorities or other concerned parties, even in situations where we have no involvement at all in actual operations as a non-operator. These fines and/or compensation payments may include clean-up costs, compensation for environmental damages, compensation for health hazard and/or property damage to those affected by the accident, compensation for absence from work and/or for loss of earnings.

As a result of an oil spill incident at an exploration project in the Gulf of Mexico for which BP Exploration & Production Inc. (BP) was the operator, civil lawsuits including those seeking recovery for alleged economic loss, property damages, the costs of and caused by the clean up and personal injuries as well as those seeking penalties were brought against subsidiaries of Mitsui. Among the plaintiffs were private parties, the United States government, and state and local governmental entities.
In connection with this incident, subsidiaries of Mitsui entered into a settlement with BP and its parent companies (BP Settlement), under which Mitsui and its subsidiaries are to be fully indemnified by BP and its parent companies as to all claims arising from the incident except for punitive damages, but solely to the extent arising from the conduct of the Mitsui subsidiaries, and fines, penalties and sanctions. However, there is a risk that the indemnity payments required by the BP Settlement may not be made.
The civil penalty claims filed by the United States and rights asserted by some of the Gulf Coast state governments to claim for civil penalties were resolved by an agreement reached between subsidiaries of Mitsui and the United States (DOJ Settlement). However, the risk remains that a court could require Mitsui subsidiaries to pay civil penalties to the state government that did not participate in the DOJ Settlement and local governmental entities.
Except for the punitive damage claims of certain local governmental entities and of individuals in connection with the personal injury claims, all asserted claims that are not covered by the BP Settlement or the DOJ Settlement have been dismissed by court orders. However, these court orders are not final and can be appealed, and certain local governmental entities whose civil penalty claims were dismissed are pursuing appellate review.

Mitsui and its United States subsidiary, Mitsui & Co. (U.S.A.), Inc. are shareholders of Coronet Industries Inc. ("Coronet"), a former manufacturer of animal feed supplements, each with 18% and 12% share interest, respectively. Coronet has been working with the U.S. Environmental Protection Agency and the State of Florida in an investigation on environmental conditions related to its prior operations at its facility in the state of Florida. Currently deliberations continue with the environmental authorities in relation to appropriate environmental measures and concrete clean-up methods, as well as their implementation.

(18) We are subject to extensive laws and regulations in Japan and other countries throughout the world as well as various concession contracts. Changes in these laws and regulations or unilateral change of contractual terms by a government could adversely affect our business, operating results and financial condition.

Our business operations are subject to extensive laws and regulations in Japan and other countries throughout the world. Our operations are subject to laws and regulations governing, among other things, commodities, consumer protection, business and investment approvals, environmental protection, currency exchange control, import and export (including restrictions from the viewpoint of national and international security), taxation, and antitrust. For instance, many of our infrastructure projects in developing countries are subject to less developed legal systems. As a result, our costs may increase due to factors such as the lack of a comprehensive set of laws and regulations, an unpredictable judicial system based on inconsistent application and interpretation of laws and regulations, and changing practices of regulatory and administrative bodies. For example, we are subject to sudden and unpredictable changes to: tariffs for products and services that we provide; technical specifications with respect to environmental regulations; income tax and duty rates; and foreign currency exchange controls with respect to repatriation of investments and dividends.

Furthermore, while we are involved in the exploration, development and production activities through various contractual arrangements for concessions, the contracts may not be honored or extended when they expire. Moreover, the regulatory bodies of these areas may unilaterally intervene or even alter the contractual terms of our oil and gas as well as mineral resource producing operations involving production rates, pricing formulas, royalties, environmental protection cost, land tenure or otherwise. If these regulatory bodies unilaterally alter such contractual terms, or if the cost of complying with revised or newly established laws and regulations increases, our business, operating results and financial condition could be adversely affected. In order to comply with laws and regulations, we may bear considerable additional costs.

(19) Employee misconduct could adversely affect our operating results and reputation.

Due to our size, as well as the operational and geographic breadth of our activities, our day-to-day operations are necessarily de-centralized. As a result, we cannot fully ensure that our employees comply with all applicable laws and regulations as well as our internal policies. For example, our employees may engage in unauthorized trading activities and exceed the allotted market risk exposure for various commodities or extend an unauthorized amount of credit to a client, which, in either case, may result in unknown losses or unmanageable risks. Moreover, our employees could engage in various unauthorized activities prohibited under the laws of Japan or other jurisdictions to which we are subject, including export regulations, anticorruption laws, antitrust laws and tax regulations. The efforts we undertake to ensure employees' compliance with applicable laws and regulations as well as our internal policies may not succeed in preventing misconduct by our employees. Depending on its nature, employees' misconduct could have negative effects on our operating results and reputation.

(20) Failure to maintain adequate internal control over financial reporting could negatively affect our reputation.

We are engaged in business activities in a variety of products and services worldwide and thus our internal control over financial reporting needs to be established for numerous transaction patterns. We may be unable to maintain adequate internal control over financial reporting, and thus not be able to assert that our internal control over financial reporting is effective. This could adversely affect the capital market's perception of us and may cause negative market reactions.

(21) Climate change and natural disaster may adversely affect our operating results.

Among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are strong tropical depressions in the Atlantic and South Pacific oceans, respectively, may have an adverse impact on production and shipments of our mineral resources, oil and gas, and salt production operations, leading to increased costs and/or decreased revenues. In the case that production sites, production facilities, and infrastructure used for shipments such as roads, railways and ports,

are seriously damaged by extreme weather conditions, operations and shipments could stop for indeterminate periods until restoration work is completed. Extreme weather conditions such as drought could also adversely affect foods raw material producing activities in which we have investments.
Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as the Kyoto Protocol, which came into effect for that objective. Introduction of government-imposed greenhouse gas emission restrictions including environmental tax, and cap and trade schemes of emission credit could adversely affect the operating results of our businesses that use fossil fuel and emit a large amount of greenhouse gasses, such as overseas power producing businesses where we have minority share holdings.

Furthermore, natural disaster, such as earthquake, heavy rain or flood, that affects our employees and damages our offices or facilities, may adversely hinder our business. We have implemented measures such as developing a disaster contingency manual, creating a Business Continuity Plan (BCP), introducing a safety confirmation system for employees, reinforcing earthquake resistance, and conducting emergency drills. However, despite these measures, there is no assurance that damage from disasters can be completely avoided.

(22) Information security incidents caused by unexpected information system malfunctions or unauthorized access or attacks from internal or external sources may adversely affect our business, operating results and financial condition.

We are working to strengthen the security of information systems used by us and our consolidated subsidiaries and to thwart external attacks through various measures, including the development of related regulations and response systems, and monitoring of our group’s IT networks. However, we cannot totally eliminate the possibility that unforeseeable information system malfunctions or security issues could cause serious problems in our IT system infrastructure or communications networks, or that confidential business information could be destroyed or stolen. Such situations could seriously reduce our operational efficiency or jeopardize our ability to maintain or expand our business activities, with negative consequences, which may have an adverse impact on our business, operating results and financial condition.

(23) The actual amount of dividend payment our shareholders of record receive may differ from the forecasts announced prior to the record date.

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practice widely followed in other markets. Our dividend payout practice is no exception.

We ordinarily announce a certain dividend payout policy at the beginning of each fiscal year and also provide guidance for annual dividends based on the forecast of our financial results including profit for the year. Interim dividends are paid to shareholders of record on September 30 of each fiscal year after reviewing our financial results during the first six months of each fiscal year as well as our forecast of our financial results during the last six months of the same fiscal year. The decision of declaration and payment is solely a matter of discretion of our Board of Directors, and such a decision may be made after the September 30 record date, and thus may differ from our guidance provided prior to such record date.

The amount and payment of the year-end dividend are determined by our Board of Directors based on the actual financial results including profit for the year. It also requires the approval of shareholders at the annual general meeting held in June of each year, if we propose to declare the year-end dividend. Our Board of Directors decides and submits a proposal for the year-end dividend declaration a few weeks before the annual general meeting. If the shareholders’ approval is given, dividend payments are made to shareholders of record.

The shareholders of record may sell shares after the March 31 record date with the anticipation of receiving a certain dividend payment. However, the declaration of year-end dividends is approved by our shareholders only in June, usually based upon a proposal submitted by our Board of Directors. As such, we may have announced dividend-related forecasts prior to the record date; but, in making a decision on the year-end dividend declaration, neither our shareholders nor our Board of Directors is legally bound by such forecast. Moreover, where our profit for the year turns out to be lower than we originally forecast, we may not submit any year-end dividend proposal to the annual general meeting of shareholders.

(24) Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of our common stock at a particular price on any particular trading day, or at all.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price range limitations for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits on these exchanges. Consequently, an investor wishing to sell at a price above or below the relevant daily limit on these exchanges may not be able to effect a sale at such price on a particular trading day, or at all.

(25) As holders of ADSs, you will have fewer rights than a direct shareholder and you will have to act through the depositary to exercise those rights.

The rights of shareholders under Japanese law to take actions, including exercising voting rights, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders recorded on our register of shareholders. Because the depositary, through its custodian agents, is the recorded holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying your ADSs as instructed by you and will pay to you the dividends and distributions collected from us. However, as ADS holders, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights except through and with the consent of the depositary.

5. Material Contracts

For the year ended March 31, 2014, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment or 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.

For major business combinations that occurred in the year ended March 31, 2014 and the previous fiscal year, see Note 3, "BUSINESS COMBINATIONS." Also, for the major acquisitions and sales of assets in the year ended March 31, 2014, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, and 5) Assets, Liabilities and Shareholders' Equity."

6. Research & Development

For the year ended March 31, 2014, research and development ("R&D") expenses totaled ¥6.5 billion. Management recognizes that individual R&D activity will not have a significant effect on our future operating results.

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

Please take note that our management's discussion and analysis of financial position, operating results and cash flow contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those anticipated in these forward-looking statements as a result of the items mentioned in "4. Risk Factors" or other factors.

As used in this "2. Operating and Financial Review and Prospects," "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), and "we," "us," and "our" are used to indicate Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

In the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements, the "Company" is used to refer to Mitsui & Co., Ltd., and the "companies" is used to refer to Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

All references to "Note" throughout "2. Operating and Financial Review and Prospects" relate to the Notes to Consolidated Financial Statements contained elsewhere in this report.

Throughout "2. Operating and Financial Review and Prospects," we describe the domicile of our subsidiaries and equity accounted investees in parentheses following names of those companies. For example, Mitsui Iron Ore Development, Pty. Ltd. (Australia) means that the company's name is Mitsui Iron Ore Development, Pty. Ltd. and that it is domiciled in Australia.

(1) Key Performance Measures under Management’s Discussion

Although our operating results and financial position are affected by various factors including the items stated in “4. Risk Factors,” management believes that as of the end of the fiscal year under review, the following indicators can be usefully employed to discuss trends in our performance and financial condition.

1) Gross Profit, Operating Income (*) and Share of Profit of Investments Accounted for Using the Equity Method

We undertake world-wide business activities, involving diversified risk-return profiles, ranging from intermediary services as agent to development and production activities of mineral resources and energy. In this context, changes in the amounts of gross profit, operating income and share of profit of investments accounted for using the equity method by operating segment reflect the overall progress of our business, and greatly affect the amount of net income in the Consolidated Statements of Income.

(*) Operating income is included in the measure of segment performance periodically reviewed by the management. Operating income is comprised of our (a) gross profit and (b) selling, general and administrative expenses, as presented in the Consolidated Statements of Income.

The management use EBITDA as a measure of underlying earning power from the year ending March 31, 2015. For further information regarding EBITDA, see “3. Management Issues (1) New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-.””

2) Trends in the Price of and Supply-Demand for Mineral Resources and Energy

Due to the significance to our operating results of the portion that comes from our mineral resources and energy-related businesses, the condition of the market and the production amount for mineral resources and energy has become a significant variable in operating results.

For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources Segment and the Energy Segment in “(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2014 and 2013, 2) Operating Results by Operating Segment.”

3) Cash Flows, Capital Efficiency, and Financial Leverage

Consistent with our Medium-term Management Plan to March 2014 announced in May 2012, we engaged in building a strong earnings base making it capable of supporting growth through a proactive assumption of new business challenges, acquisition of high-quality assets and recycling of our existing assets.

In parallel, management monitored the progress of investment and loan plans quarterly and addressed divestitures of existing assets in order to maintain an optimum portfolio structure and also to generate additional cash flows as a source for the above-mentioned investments.

Under the New Medium-term Management Plan (announced in May 2014) started from the year ending March 31, 2015, we pursue an improvement of capital efficiency and a balanced allocation of generated cash to growth investments and returns to shareholders. For further information, see “3. Management Issues (1) New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-.””

Mitsui decides the policies on levels of shareholders’ equity, and also debt and equity balances, and examines the status of execution in terms of stability for capital efficiency as well as financing. Mitsui also examines the scale of shareholders’ equity in terms of risk buffer to maximum exposure to potential losses due to a deterioration of the respective business and is monitoring and managing a group-wide financial leverage seeking to secure an efficient return on equity as well as maintaining and improving credit ratings and financial stability in order to refinance our interest bearing debt. For further information regarding our capital management, see Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters.” For further information regarding our financial policy, see “(4) Liquidity and Capital Resources.”

(*) Shareholders’ equity is total equity attributable to owners of the parent in Consolidated Statements of Financial Position.

(2) Operating Environment

Note: The following describes the understanding of the economic environments as of May 2014. Descriptions included herein may differ from our current understanding.

During the year ended March 31, 2014, the global economy continued to recover, albeit moderately, amid drastic monetary easing on the part of advanced economies. Clear differences have emerged, however, in the economic circumstances of advanced and emerging nations. The extent of recovery varies between countries and regions.

The U.S. economy was hampered in the second half of the year by a scaling back of the third round of quantitative easing (QE3) and a severe cold snap, but maintained solid growth, underpinned by steady improvement in employment, progress made in the ongoing adjustment in the housing market, as well as the wealth effect generated by higher stock prices and housing prices, and healthy corporate earnings.

In Japan, too, the economy benefited from improved corporate earnings and also higher personal consumption, as bold monetary easing under Abenomics drove the yen lower and pushed share prices higher. Growth in public works spending also contributed to economic recovery.

In Europe, the employment environment remained harsh and economic growth was restricted, on account of curtailed budgets aimed at resolving the region’s debt crisis. However, belt-tightening has now been scaled back, allowing the economy to bottom out.

Among emerging nations, some found themselves in the unenviable position of having to take tight monetary policy even as their economies faltered because of the U.S. decision to scale back QE3, prompting reallocation of capital from emerging markets back toward the U.S., and emerging-currency depreciation. Emerging economies also were negatively impacted by signs of structural change in the U.S. trade, with the “shale revolution” contributing to reduced energy import volumes and the return of manufacturers to the U.S, effectively reducing the benefits conferred by a strong U.S. economy. While the Chinese economy was affected to some extent by structural reforms aimed at curbing excessive investment and lending, and by the emerging shadow-banking threat, it maintained a certain degree of growth underpinned by flexible fiscal spending.

During the period under review, the spot reference price for iron ore CFR North China (Fe 62%) showed a correlation with outlook for the Chinese economy, rising above US$140 per ton in summer then softening amid rising concern about China’s economic outlook, slumping to US$105 per ton in March 2014. While affected to some extent by geopolitical risk, the Dubai Crude spot price remained stable at around US$100-110 per barrel.

We believe that the global economic recovery will gradually gain momentum, driven by the continued strength of the U.S. and other advanced economies. We expect that Japan and Europe will continue their easy monetary policy for the time being. The U.S. has begun QE3 tapering, but it is likely to be some time yet before the next cycle of extensive interest rate hikes begins. Against this backdrop, we will steadily execute our latest medium-term management plan while paying due attention to rising geopolitical risk from Ukraine and other areas of concern, accelerated monetary tightening in the U.S., and the growth rate of Chinese economy.

(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2014 and 2013

1) Analysis by Income Statement Account

Revenue

Under IFRS, revenue is reported based on the gross amount billed to a customer or on the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier) in accordance with degree of risk against reward in the following manner.

- Revenue is reported based on gross amounts for transactions where we have the related risks and rewards of ownership such as transactions mainly where we are the primary obligor in the arrangement and/or assume general inventory risk without any significant mitigation of our risk level.

- Revenue is reported based on net amounts where we assume a low degree of related risks and rewards, effectively acting as an agent for the applicable products or services. A typical example of reporting revenue based on net amounts is a transaction where we receive a commission or fee at a fixed rate based on transaction volume or amount.

For the year ended March 31, 2014, revenue was ¥5,731.9 billion, an increase of ¥819.8 billion, or 16.7%, from ¥4,912.1 billion for the corresponding previous year.

We classified our revenue into sale of products, rendering of services and other revenue with the corresponding costs of revenue.

The table below provides these three categories of revenue by operating segment.

	Billions of Yen											
	Years Ended March 31,											
	2014				2013				Change			
	Sale of Products	Rendering of Services	Other Revenue	Total	Sale of Products	Rendering of Services	Other Revenue	Total	Sale of Products	Rendering of Services	Other Revenue	Total
Iron & Steel Products	¥ 183.3	¥ 36.5	¥ 0.3	¥ 220.1	¥ 184.2	¥ 29.6	¥ 0.3	¥ 214.1	¥ (0.9)	¥ 6.9	¥ 0.0	¥ 6.0
Mineral & Metal Resources	785.1	6.1	0.0	791.2	623.4	6.1	0.0	629.5	161.7	0.0	0.0	161.7
Machinery & Infrastructure	219.8	118.9	71.5	410.2	200.5	113.9	61.8	376.2	19.3	5.0	9.7	34.0
Chemicals	901.2	40.3	1.7	943.2	706.6	39.4	1.6	747.6	194.6	0.9	0.1	195.6
Energy	1,448.6	7.5	(1.8)	1,454.3	1,272.9	5.9	1.7	1,280.5	175.7	1.6	(3.5)	173.8
Lifestyle	768.5	111.9	10.2	890.6	705.0	99.7	11.4	816.1	63.5	12.2	(1.2)	74.5
Innovation & Corporate Development	34.7	62.3	6.2	103.2	35.1	71.8	14.2	121.1	(0.4)	(9.5)	(8.0)	(17.9)
Americas	671.7	7.8	20.1	699.6	521.6	5.8	19.7	547.1	150.1	2.0	0.4	152.5
Europe, the Middle East and Africa	94.3	14.4	0.0	108.7	83.3	11.8	0.0	95.1	11.0	2.6	0.0	13.6
Asia Pacific	99.4	9.7	0.0	109.1	75.0	7.9	0.0	82.9	24.4	1.8	0.0	26.2
Total	5,206.6	415.4	108.2	5,730.2	4,407.6	391.9	110.7	4,910.2	799.0	23.5	(2.5)	820.0
All Other	0.1	0.2	1.6	1.9	0.1	0.2	1.6	1.9	0.0	0.0	0.0	0.0
Adjustments and Eliminations	0.1	(0.2)	(0.1)	(0.2)	0.0	0.0	0.0	0.0	0.1	(0.2)	(0.1)	(0.2)
Consolidated Total	¥ 5,206.8	¥ 415.4	¥ 109.7	¥ 5,731.9	¥ 4,407.7	¥ 392.1	¥ 112.3	¥ 4,912.1	¥ 799.1	¥ 23.3	¥ (2.6)	¥ 819.8

Sale of Products

Sale of products is revenue from sales transactions of products and mainly include the following four types of transactions:

- the sale of products as a principal in the various transactions;
- the sale of manufactured products in the wide range of industries such as metals, chemicals, foods and machinery;
- the sale of natural resources from iron ore, copper, and coal mining activities and oil and gas producing activities; and
- the development and sale of real estate.

For the year ended March 31, 2014, revenue from the sale of products was ¥5,206.8 billion, an increase of ¥799.1 billion, or 18.1%, from ¥4,407.7 billion for the corresponding previous year. Major factors by operating segment were as follows:

- The Chemicals Segment reported an increase of ¥194.6 billion mainly attributable to a recovery in trading activities of petrochemical materials.
- The Energy Segment reported an increase of ¥175.7 billion. Petroleum trading operations recorded an increase of ¥134.1 billion due to an increase in trading volume, while oil and gas producing operations recorded an increase of ¥29.9 billion reflecting the depreciation of the Japanese yen.
- The Mineral & Metal Resources Segment reported an increase of ¥161.7 billion. Iron ore mining operations in Australia reported an increase of ¥88.4 billion due to the depreciation of the Japanese yen and an increase in sales volume owing to increased capacity.
- The Americas Segment reported an increase of ¥150.1 billion, attributable to the depreciation of the Japanese yen; an increase in trading volume of grain; and contribution from Cinco Pipe & Supply, LLC (United States).

Rendering of Services

Rendering of services includes the revenue from trading margins and commissions related to various trading transactions in which we act as a principal or an agent. For example:

- We provide various services such as logistics and warehouse services, information and communication services and technical support. In these cases, the billed amounts for these services are recognized as revenue.
- We facilitate arrangement of the contracts between manufacturers and customers and deliveries of the products between suppliers, and also enter into back-to-back sales and purchase transactions of products. In these cases, the net amounts of sale and purchase prices (namely, margins for our intermediary services) are recognized as revenue.

For the year ended March 31, 2014, revenues from the rendering of services was ¥415.4 billion, an increase of ¥23.3 billion, or 5.9%, from ¥392.1 billion for the corresponding previous year.

Other Revenue

Other revenue principally includes the revenue from:

- derivative commodity instruments and derivative financial instruments held for trading purposes;
- the revenue from leasing activities of real estate, rolling stock, aircraft, ships and machinery equipment; and
- the revenue from external consumer financing.

For the year ended March 31, 2014, revenues from other revenue was ¥109.7 billion, a decline of ¥2.6 billion, or 2.3%, from ¥112.3 billion for the corresponding previous year.

Gross Profit

For the year ended March 31, 2014, gross profit was ¥880.1 billion, an increase of ¥66.0 billion, or 8.1%, from ¥814.1 billion for the corresponding previous year which was primarily attributable to the following factors:

- The Mineral & Metal Resources Segment reported an increase of ¥38.2 billion. Iron ore mining operations in Australia reported an increase of ¥45.0 billion due to the depreciation of the Japanese yen and an increase in sales volume owing to increased capacity. Meanwhile, coal mining operations in Australia posted a decline of ¥7.0 billion reflecting the decline in coal prices.
- The Americas Segment reported an increase of ¥12.7 billion. The depreciation of the Japanese yen as well as Cinco Pipe & Supply, LLC were the main contributors.
- The Chemicals Segment reported an increase of ¥9.8 billion, due to the depreciation of the Japanese yen, recovery of trading activities of petrochemical materials, and strong sales of agricultural chemicals.
- The Iron & Steel Products Segment reported an increase of ¥8.9 billion, attributable to solid sales of tubular products including line pipe.
- The Machinery & Infrastructure Segment reported an increase of ¥5.0 billion. Automotive-related as well as mining and construction machinery-related businesses in South America achieved a solid performance.
- The Innovation & Corporate Development Segment reported a decline of ¥9.1 billion. The commodity derivatives trading business at Mitsui recorded a decline in gross profit corresponding to an increase of ¥8.0 billion in the foreign exchange gains posted in other expenses-net.

For more details of the discussion and analysis, see “2) Operating Results by Operating Segment.”

Other Income (Expenses)

Selling General and Administrative Expenses

Selling, general and administrative expenses for the year ended March 31, 2014 were ¥574.9 billion, an increase of ¥45.6 billion, or 8.6%, from ¥529.3 billion for the corresponding previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Personnel	¥ 290.7	¥ 267.3	¥ 23.4
Welfare	14.3	12.0	2.3
Travel	33.5	30.9	2.6
Entertainment	8.2	7.8	0.4
Communication	51.2	48.1	3.1
Rent	20.1	16.9	3.2
Depreciation	14.5	14.2	0.3
Fees and Taxes	9.3	8.8	0.5
Provision for Doubtful Receivables	10.2	14.8	(4.6)
Others	122.9	108.5	14.4
Total	¥ 574.9	¥ 529.3	¥ 45.6

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

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Iron & Steel Products	¥ 37.6	¥ 39.6	¥ (2.0)
Mineral & Metal Resources	41.8	37.0	4.8
Machinery & Infrastructure	124.2	119.2	5.0
Chemicals	69.8	63.6	6.2
Energy	57.9	52.4	5.5
Lifestyle	129.4	118.5	10.9
Innovation & Corporate Development	59.7	58.6	1.1
Americas	64.9	54.0	10.9
Europe, the Middle East and Africa	21.0	19.3	1.7
Asia Pacific	19.4	16.4	3.0
Total	625.7	578.6	47.1
All Other	8.2	2.2	6.0
Adjustments and Eliminations	(59.0)	(51.5)	(7.5)
Consolidated Total	¥ 574.9	¥ 529.3	¥ 45.6

Gain on securities and other investments—net

Gain on securities and other investments for the year ended March 31, 2014 was ¥30.8 billion, an increase of ¥10.3 billion, or 50.2%, from ¥20.5 billion for the corresponding previous year.

- For the year ended March 31, 2014, a gain on the sale of shares in Mitsui Oil Co., Ltd. for ¥11.3 billion and a ¥4.1 billion gain on sale of shares in a port terminal company in Brazil by Multigrain Trading AG were recorded. Also, a ¥5.4 billion valuation gain on an investment in Nippon Steel Trading Co., Ltd. due to a discontinuance of applying the equity method of accounting resulting from the merger with Sumikin Bussan Corporation was recorded. Furthermore, a ¥8.4 billion gain due to a reversal of impairment loss on shares in Penske Automotive Group, Inc. reflecting a rise in the share price, and ¥ 4.4 billion impairment loss on shares in TPV Technology Limited reflecting a decline in the share price.

- For the corresponding previous year, an ¥8.0 billion gain on the sale of shares in Mikuni Coca-Cola Bottling Co., Ltd.; a ¥7.1 billion gain on sale of partial shares and valuation gain on retained shares in Nihon Unisys, Ltd.; and a ¥4.2 billion valuation gain on shares in Brightstar Corp. were recorded. Furthermore, a ¥4.2 billion gain related to equity dilution in IHH Healthcare Berhad (Malaysia) was recorded.

Impairment loss of fixed assets

Impairment loss of fixed assets for the year ended March 31, 2014 was ¥60.0 billion, an increase of ¥26.3 billion, or 78.0%, from ¥33.7 billion for the corresponding previous year.

- Mitsui Coal Holdings Pty. Ltd. (Australia) recorded impairment losses of ¥39.3 billion related to coal mines mainly attributable to a decline in coal price for the year ended March 31, 2014. Furthermore, Mitsui E&P Texas LP (United States) recorded an impairment loss of ¥14.2 billion related to Eagle Ford shale gas and oil producing operations mainly attributable to a review of the production estimates.
- For the corresponding previous year, Mitsui Coal Holdings Pty. Ltd. (Australia) recorded impairment losses of ¥19.7 billion related to coal mines mainly attributable to a decline in coal price. In addition, Australian iron ore operations, which are run as joint ventures with BHP Billiton through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd., recorded impairment losses totaling ¥6.4 billion for the pre-commitment works for the outer harbour development at Port Hedland in Western Australia.

For more information on impairment losses on property, plant and equipment, see Note 11, “PROPERTY, PLANT AND EQUIPMENT.”

Gain on disposal or sales of fixed assets—net

Gain on disposal or sales of fixed assets for the year ended March 31, 2014 was ¥16.4 billion, an increase of ¥10.3 billion, or 168.9%, from ¥6.1 billion for the corresponding previous year.

- Mitsui E&P Middle East B.V. (Netherlands) and Mitsui E&P Australia Pty Limited (Australia) recorded a gain on sales of interests in oil fields in Egypt and New Zealand, respectively, totaling ¥6.2 billion. Furthermore, Bussan Real Estate Co., Ltd. (Japan) recorded a ¥4.3 billion gain on sales of office buildings in Japan and MBK Real Estate LLC (United States) recorded a ¥4.3 billion gain on sale of senior living facilities.
- For the corresponding previous year, a gain on sale of land used for logistics in Canada was recorded.

Other Expense—net

Other expense for the year ended March 31, 2014 was ¥21.7 billion, an improvement of ¥1.9 billion, or 8.1%, from ¥23.6 billion for the corresponding previous year.

- For the year ended March 31, 2014, exploration expenses totaled ¥20.2 billion, including those recorded at oil and gas producing businesses. Mitsui Raw Materials Development Pty. Ltd. (Australia) recorded a ¥3.6 billion foreign exchange loss related to borrowings denominated in U.S. dollars. Meanwhile, Mitsui recorded foreign exchange gains of ¥5.8 billion, including foreign exchange gain of ¥14.4 billion in the commodity derivatives trading business in the Innovation & Corporate Development Segment, which corresponded to related gross profit in the same segment. Also, Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥4.6 billion related to foreign currency deposits.
- For the corresponding previous year, exploration expenses totaled ¥37.4 billion, including those recorded at oil and gas producing businesses. Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥14.5 billion related to foreign currency deposits. Meanwhile, Mitsui recorded foreign exchange losses of ¥26.0 billion, including foreign exchange losses of ¥8.3 billion on foreign trade transactions in the Iron & Steel Products Segment, as well as a foreign exchange gain of ¥6.4 billion in the commodity derivatives trading business in the Innovation & Corporate Development Segment, which corresponded to related gross profit in the same segment. Furthermore, MBK Real Estate Europe Limited (United Kingdom) recorded a ¥3.2 billion gain due to a reversal of impairment loss on an office building recorded in previous year.

Finance Income (Costs)

Interest income

Interest income for the year ended March 31, 2014 was ¥33.6 billion, a decline of ¥6.7 billion, or 16.6%, from ¥40.3 billion for the corresponding previous year. The deferred commitment fee related to the loan extended to the subsidiary of Corporación Nacional del Cobre de Chile ("Codelco") was recorded for the corresponding previous year.

Dividend Income

Dividend income for the year ended March 31, 2014 was ¥124.0 billion, an increase of ¥43.4 billion, or 53.8%, from ¥80.6 billion for the corresponding previous year. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3, and Equatorial Guinea) were ¥96.2 billion in total, an increase of ¥35.0 billion from ¥61.2 billion for the corresponding previous year, mainly due to an increase in dividends received from the Sakhalin II and the Qatargas 1 projects.

Interest expense

Interest expense for the year ended March 31, 2014 was ¥49.2 billion, an increase of ¥2.6 billion, or 5.6%, from ¥46.6 billion for the corresponding previous year. The following table provides the month-end average of three-month Tibor for the Japanese yen and three-month Libor for the U.S. dollar for the years ended March 31, 2014 and 2013.

Month-end average of three-month rate (% p.a.)

	Year ended March 31,	
	2014	**2013**
Japanese yen	0.22	0.31
U.S. dollar	0.25	0.37

Share of Profit of Investments Accounted for Using the Equity Method

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥171.2 billion, a decline of ¥11.9 billion, or 6.5%, from ¥183.1 billion for the corresponding previous year as a result of the following.

- Valepar S.A. reported a decline of ¥19.9 billion, reflecting the loss due to Vale S.A.'s participation in the federal tax settlement (REFIS) for payment of amounts relating to Brazilian corporate income tax and social contribution on the net income of its non-Brazilian subsidiaries and affiliates.
- SCM Minera Lumina Copper Chile (Chile), a project company for the Caserones copper and molybdenum project, recorded a ¥16.8 billion impairment loss of fixed assets.
- Robe River Mining Co. Pty. Ltd. (Australia) reported an increase of ¥11.8 billion, reflecting an increase in iron ore sales volume and the depreciation of the Japanese yen.
- Compañía Minera Doña Inés de Collahuasi SCM (Chile) reported an increase of ¥7.5 billion, mainly due to an increase in sales volume and a decline in cost.
- Japan Australia LNG (MIMI) Pty. Ltd. (Australia) reported an increase reflecting the depreciation of the Japanese yen.

For more details of the discussion and analysis, see "2) Operating Results by Operating Segment."

Income Taxes

Income taxes for the year ended March 31, 2014 were ¥176.7 billion, a decline of ¥18.5 billion, or 9.5%, from ¥195.2 billion for the corresponding previous year.

- Profit before income taxes for the year ended March 31, 2014 was ¥550.5 billion, an increase of ¥39.0 billion, or 7.6%, from ¥511.5 billion for the corresponding previous year. However, applicable income taxes declined due to an increase in no-tax or low-tax income such as dividend income.

- For the corresponding previous year, a ¥14.9 billion negative impact was recorded due to the reversal of deferred tax assets and liabilities attributable to factors including an evaluation of recoverability of deferred tax assets related to corporate income tax in Japan, as well as a review of recoverability of undistributed retained earnings from an associated company.
- Reflecting the evaluation of recoverability of deferred tax assets for the operating assets subject to the Australian Mineral Resource Rent Tax Act 2012 (“MRRT”), tax burden declined by ¥7.7 billion due to the fact that deferred tax assets were established for the year ended March 31, 2014, despite the reversal of deferred tax assets for the corresponding previous year (*).

The effective tax rate on profit before income taxes for the year ended March 31, 2014 was 32.1%, a decline of 6.1% from 38.2% for the corresponding previous year.

- A decline of 3.6% was due to a decline in resource related taxes with higher tax rates, reflecting lower production associated with refurbishment of the oil production facility at Mitsui E&P Australia Pty Limited (Australia).
- A decline in reversal of deferred tax assets led to a decrease in the effective tax rate by 3.9%, which included the impact of the reversal of deferred tax assets related to corporate income tax in Japan for the corresponding previous year.
- An increase in tax burden related to dividend income resulted in an increase of 4.0%.

(*) For deferred tax assets related to MRRT, see “(5) Critical Accounting Policies and Estimates.”

Profit for the Year

As a result of the above factors, profit for the year ended March 31, 2014 was ¥373.9 billion, an increase of ¥57.6 billion, or 18.2%, from ¥316.3 billion for the corresponding previous year.

Profit for the Year Attributable to Owners of the Parent

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥350.1 billion, an increase of ¥53.5 billion, or 18.0%, from ¥296.6 billion for the corresponding previous year.

2) Operating Results by Operating Segment

Our operating segment information for revenue, gross profit, operating income (loss), share of profit of investments accounted for using the equity method and profit (loss) for the year attributable to owners of the parent for the year ended March 31, 2014 and the corresponding previous year is as follows:

Operating income (loss) is included in the operating segment information as a measure of the management’s reviewing segment performance periodically. Operating income is comprised of our (a) gross profit and (b) selling, general and administrative expenses, as presented in the Consolidated Statements of Income.

Operating Segment Information

Revenue

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Iron & Steel Products	¥ 220.1	¥ 214.1	¥ 6.0
Mineral & Metal Resources	791.2	629.5	161.7
Machinery & Infrastructure	410.2	376.2	34.0
Chemicals	943.2	747.6	195.6
Energy	1,454.3	1280.5	173.8
Lifestyle	890.6	816.1	74.5
Innovation & Corporate Development	103.2	121.1	(17.9)
Americas	699.6	547.1	152.5
Europe, the Middle East and Africa	108.7	95.1	13.6
Asia Pacific	109.1	82.9	26.2
Total	5,730.2	4,910.2	820.0
All Other	1.9	1.9	0.0
Adjustments and Eliminations	(0.2)	0.0	(0.2)
Consolidated Total	¥ 5,731.9	¥ 4,912.1	¥ 819.8

Gross Profit

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Iron & Steel Products	¥ 51.1	¥ 42.2	¥ 8.9
Mineral & Metal Resources	200.9	162.7	38.2
Machinery & Infrastructure	114.7	109.7	5.0
Chemicals	80.5	70.7	9.8
Energy	199.8	203.2	(3.4)
Lifestyle	114.0	114.4	(0.4)
Innovation & Corporate Development	22.6	31.7	(9.1)
Americas	78.7	66.0	12.7
Europe, the Middle East and Africa	18.8	15.6	3.2
Asia Pacific	12.5	10.5	2.0
Total	893.6	826.7	66.9
All Other	0.8	0.9	(0.1)
Adjustments and Eliminations	(14.3)	(13.5)	(0.8)
Consolidated Total	¥ 880.1	¥ 814.1	¥ 66.0

Operating Income (Loss)

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Iron & Steel Products	¥ 13.6	¥ 2.7	¥ 10.9
Mineral & Metal Resources	159.1	125.6	33.5
Machinery & Infrastructure	(9.5)	(9.5)	0.0
Chemicals	10.7	7.1	3.6
Energy	141.9	150.7	(8.8)
Lifestyle	(15.4)	(4.1)	(11.3)
Innovation & Corporate Development	(37.1)	(26.9)	(10.2)
Americas	13.8	12.0	1.8
Europe, the Middle East and Africa	(2.3)	(3.7)	1.4
Asia Pacific	(6.9)	(5.9)	(1.0)
Total	267.9	248.0	19.9
All Other	(7.4)	(1.3)	(6.1)
Adjustments and Eliminations	44.7	38.1	6.6
Consolidated Total	¥ 305.2	¥ 284.8	¥ 20.4

Share of Profit of Investments Accounted for Using the Equity Method

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Iron & Steel Products	¥ 5.4	¥ 3.4	¥ 2.0
Mineral & Metal Resources	38.0	49.0	(11.0)
Machinery & Infrastructure	24.4	32.5	(8.1)
Chemicals	8.6	6.4	2.2
Energy	60.1	53.6	6.5
Lifestyle	19.3	15.3	4.0
Innovation & Corporate Development	4.9	12.7	(7.8)
Americas	4.0	4.7	(0.7)
Europe, the Middle East and Africa	1.4	0.4	1.0
Asia Pacific	4.5	4.9	(0.4)
Total	170.6	182.9	(12.3)
All Other	0.4	-	0.4
Adjustments and Eliminations	0.2	0.2	0.0
Consolidated Total	¥ 171.2	¥ 183.1	¥ (11.9)

Profit for the Year Attributable to Owners of the Parent

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Iron & Steel Products	¥ 14.6	¥ (3.2)	¥ 17.8
Mineral & Metal Resources	88.1	94.5	(6.4)
Machinery & Infrastructure	17.1	20.6	(3.5)
Chemicals	8.4	1.0	7.4
Energy	188.4	145.5	42.9
Lifestyle	12.1	13.0	(0.9)
Innovation & Corporate Development	(12.3)	5.1	(17.4)
Americas	13.7	10.1	3.6
Europe, the Middle East and Africa	0.4	3.0	(2.6)
Asia Pacific	30.7	25.3	5.4
Total	361.2	314.9	46.3
All Other	11.0	7.5	3.5
Adjustments and Eliminations	(22.1)	(25.8)	3.7
Consolidated Total	¥ 350.1	¥ 296.6	¥ 53.5

Discussion and analysis regarding the operating results of each operating segment is as follows:

Iron & Steel Products Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 220.1	¥ 214.1	¥ 6.0
Gross Profit	51.1	42.2	8.9
Operating Income	13.6	2.7	10.9
Share of profit of investments accounted for using the equity method	5.4	3.4	2.0
Profit (loss) for the year attributable to owners of the parent	14.6	(3.2)	17.8

Revenue for the year ended March 31, 2014 was ¥220.1 billion, an increase of ¥6.0 billion from ¥214.1 billion for the corresponding previous year. The main cause of the increase was an increase in other revenue in relation to tubular products.

Gross profit for the year ended March 31, 2014 was ¥51.1 billion, an increase of ¥8.9 billion from ¥42.2 billion for the corresponding previous year. Major factors included solid sales of tubular products including line pipe.

Operating income for the year ended March 31, 2014 was ¥13.6 billion, an increase of ¥10.9 billion from ¥2.7 billion for the corresponding previous year.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥5.4 billion, an increase of ¥2.0 billion from ¥3.4 billion for the corresponding previous year.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥14.6 billion, an increase of ¥17.8 billion from loss of ¥3.2 billion for the corresponding previous year. In addition to the above-mentioned factors, foreign exchange losses of ¥2.1 billion and ¥8.3 billion on foreign trade transactions were recorded for the years ended March 31, 2014 and 2013, respectively.

Mineral & Metal Resources Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 791.2	¥ 629.5	¥ 161.7
Gross Profit	200.9	162.7	38.2
Operating Income	159.1	125.6	33.5
Share of profit of investments accounted for using the equity method	38.0	49.0	(11.0)
Profit for the year attributable to owners of the parent	88.1	94.5	(6.4)

Revenue for the year ended March 31, 2014 was ¥791.2 billion, an increase of ¥161.7 billion from ¥629.5 billion for the corresponding previous year. Iron ore mining operations in Australia reported an increase of ¥88.4 billion due to the depreciation of the Japanese yen and an increase in sales volume owing to increased capacity and Mitsui recorded an increase of ¥54.5 billion due to the increase in trading volume of non-ferrous metal.

Gross profit for the year ended March 31, 2014 was ¥200.9 billion, an increase of ¥38.2 billion from ¥162.7 billion for the corresponding previous year. The main factor behind the increase was a positive impact from an increase in iron ore sales volume and the depreciation of the Japanese yen on iron ore mining operations in Australia. Mitsui Iron Ore Development Pty. Ltd. (Australia) and Mitsui-Itochu Iron Pty. Ltd. (Australia) reported increases of ¥24.0 billion and ¥21.0 billion in gross profit, respectively, reflecting the depreciation of the Japanese yen and an increase in iron ore sales volume owing to increased capacity. On the other hand, Mitsui Coal Holdings Pty. Ltd. reported a decline of ¥7.0 billion due to lower coal prices, despite the decline in cost.

Operating income for the year ended March 31, 2014 was ¥159.1 billion, an increase of ¥33.5 billion from ¥125.6 billion for the corresponding previous year. Despite the increase in gross profit, selling, general and administrative expenses increased.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥38.0 billion, a decline of ¥11.0 billion from ¥49.0 billion for the corresponding previous year. Major factors were as follows:

- Earnings at Robe River Mining Co. Pty. Ltd., an iron ore mining company in Australia, were ¥42.9 billion, an increase of ¥11.8 billion from ¥31.1 billion for the corresponding previous year, reflecting an increase in iron ore sales volume and the depreciation of the Japanese yen.
- Compañía Minera Doña Inés de Collahuasi SCM recorded earnings of ¥11.2 billion, an increase of ¥7.5 billion from ¥3.7 billion for the corresponding previous year mainly due to an increase in sales volume and a decline in cost.
- Earnings at Inversiones Mineras Acrux SpA (Chile), a joint venture with Codelco in which Mitsui invested in stages in the year ended March 31, 2013, increased ¥4.2 billion due to the full year contribution.
- For the corresponding previous year, the scrap metal recycling business in which Mitsui Raw Materials Development Pty. Limited (Australia) invests, reported an improvement of ¥3.3 billion, mainly attributable to a reversal effect of impairment losses on goodwill recorded for the year ended March 31, 2013.
- Valepar S.A. posted a loss of ¥9.9 billion, a decline of ¥19.9 billion from profit of ¥10.0 billion for the corresponding previous year, reflecting the loss due to Vale S.A.'s participation in the federal tax settlement (REFIS) for payment of amounts relating to Brazilian corporate income tax and social contribution on the net income of its non-Brazilian subsidiaries and affiliates.
- SCM Minera Lumina Copper Chile, a company promoting the Caserones copper and molybdenum project, recorded an impairment loss of ¥16.8 billion on fixed assets.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥88.1 billion, a decline of ¥6.4 billion from ¥94.5 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the corresponding previous year, the deferred commitment fee related to the loan extended to the subsidiary of Codelco was recorded on interest income.
- Mitsui Coal Holdings Pty. Ltd. recorded an impairment loss of ¥39.3 billion on coal mines reflecting the decline in coal prices for the year ended March 31, 2014. Furthermore, an impairment loss of ¥2.6 billion was recorded on the investment in SCM Minera Lumina Copper Chile.
- Foreign exchange gains and losses related to borrowings denominated in U.S. dollars at Mitsui Raw Materials Development Pty. Ltd. deteriorated by ¥3.8 billion from the corresponding previous year.
- For the corresponding previous year, Mitsui Coal Holdings Pty. Ltd. recorded an impairment loss of ¥19.7 billion on coal mines reflecting the decline in coal prices. In addition, Australian iron ore operations, which are run as joint ventures with BHP Billiton through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd., recorded impairment losses totaling ¥6.4 billion for the pre-commitment works for the outer harbour development at Port Hedland in Western Australia.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Iron Ore, and Our Equity Share of Production

- Short-Term Pricing and Supply-Demand Balance

  Reflecting the expansion of the spot market, iron ore pricing has been shifted to more diversified contract pricing methods. While some sales were carried out using spot reference prices such as quarterly, the majority portion of contracts have been set by pricing that reflects current spot reference prices, such as a daily average of spot reference price for the shipment month.

  Although Chinese crude steel production in 2013 has increased to 780 million tons from 720 million tons in 2012, the growth rate of crude steel production of China is expected to slow down on a year on year basis. After the spot price (Fe 62% CFR China) reached a peak of US$145/ton in the middle of November 2011, followed by a correction in the market with the spot price dropping sharply and bottoming out at US$89/ton in the beginning of September 2012. While the spot price rebounded to US$160/ton in the latter half of February 2013, the spot price dropped sharply again as part of the recent declining trend and, as of June 16, 2014, was US$89/ton, which was a low price, since September 2012.

  Fluctuations in iron ore prices directly affect revenues from the equity share of production at our iron ore subsidiaries and associated companies. For the year ending March 31, 2015, we estimate that the impact on profit for the year attributable to owners of the parent of a change of US$1 per ton in the iron ore price would be approximately ¥2.5 billion.

  For the year ended March 31, 2014, the equity share of shipments of our overseas subsidiaries and associated companies amounted to 51.3 million tons of iron ore. The above-mentioned effect of a change of US$1 per ton is calculated based on the assumptions of an estimated increase or decrease in production in the year ending March 31, 2015, in line with our holdings after the year ended March 31, 2014, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. In the currencies of natural resource producing countries such as the Australian dollar and Brazilian real, there is a general trend toward currency movements in line with the market prices for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

- Medium- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Share of Production

  Although the demand for iron ore temporarily decreased due to the contraction of activity and trade provoked by the dramatic escalation of the financial crisis, it turned to an increasing trend. Despite the fact that China saw some slowdown in its crude steel production from the end of 2011, iron ore demand is expected to grow in the medium- and long-term, led by strong steel demand in developing countries. In order to respond to such increasing demand, we are investing aimed at expanding iron ore production capacity. For a summary of investments to expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

  As there are many uncertainties including demand from China and other emerging countries, it is difficult for our management to set definitive forecasts on supply-demand balance and prices for iron ore.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Coal, and Our Equity Share of Production

- Short-Term Pricing and Supply-Demand Balance

  As is the case with the iron ore business, coal (metallurgical coal) producing joint venture businesses in Australia in which we participate together with major foreign mineral resources companies conclude long term sales contracts with Japanese steel manufacturers and other major clients in other countries. The diversification of methods to determine price, such as quarterly and monthly pricing mechanism, has progressed.

  In 2012, due to an increase in the market's perception of an oversupply in the coal market, the quarterly prices for coking coal turned to a declining trend and prices for coking coal for the three-month period ended June 30, 2012 were reportedly settled with some Japanese iron and steel manufacturers at around US$210/MT. Since then, the representative quarterly prices continued to fall and the prices for the three-month period ended June 30, 2013 and 2014 were reportedly settled with some Japanese iron and steel manufacturers at around US$172/MT and US$120/MT, respectively.

  Spot prices for thermal coal rose to approximately of US$130/MT as a result of a temporary tightening of the supply-demand balance in January 2011. However, the annual contract price for thermal coal for the year ended March 31, 2013 was settled at around US$115/MT due to a stabilizing supply-demand balance. Reflecting a continued oversupply, the annual contract prices for thermal coal for the year ended March 31, 2014 and 2015, were settled at around US$95/MT and US$82/MT, respectively.

  Fluctuations in coal prices directly affect revenues from the equity share of production at our coal subsidiaries and associated companies. For the year ending March 31, 2015, the equity share of production of our overseas subsidiaries and associated companies is projected to be 12.2 million tons of coal. Generally, in the currencies, market prices for that of natural resource producing countries, such as the Australian dollar, there is a high degree of correlation in trends toward currency movements in line with the market for that country's products, which in turn may impact the local currency denominated revenues of our overseas subsidiaries and associated companies.

- Medium- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Share of Production

  Despite the recent oversupply condition, supply-demand in the medium- and long-term is expected to tighten as a result of suspension of new development and expansion projects resulting from weak coal prices, and increased demand for metallurgical coal in line with economic growth of developing countries including China, Brazil, and India, as well as rising demand for thermal coal for coal fired power plants, especially in China and India. With respect to coal mining joint ventures with the Rio Tinto group, operation of the new mining area owned by Kestrel Joint Venture in Queensland, Australia has commenced in the year ended March 31, 2014. For a summary of investments aimed at expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

  As there are many uncertainties, including demand from China and other emerging countries, it is difficult for our management to set definitive medium- and long-term forecasts for coal.

Machinery & Infrastructure Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 410.2	¥ 376.2	¥ 34.0
Gross Profit	114.7	109.7	5.0
Operating Loss	(9.5)	(9.5)	0.0
Share of profit of investments accounted for using the equity method	24.4	32.5	(8.1)
Profit for the year attributable to owners of the parent	17.1	20.6	(3.5)

Revenue for the year ended March 31, 2014 was ¥410.2 billion, an increase of ¥34.0 billion from ¥376.2 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥7.8 billion, mainly attributable to the progress on construction of an overseas power plant.
- The Integrated Transportation Systems Business Unit reported an increase of ¥41.6 billion. Automotive-related and mining and construction machinery-related businesses in South America recorded an increase. Aircraft leasing business also reported an increase.

Gross profit for the year ended March 31, 2014 was ¥114.7 billion, an increase of ¥5.0 billion from ¥109.7 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥1.9 billion.
- The Integrated Transportation Systems Business Unit reported an increase of ¥7.0 billion. Automotive-related and mining and construction machinery-related businesses in South America achieved solid performance.

Operating loss for the year ended March 31, 2014 was ¥9.5 billion, the same as that for the year ended March 31, 2013. Despite the increase in gross profit, selling, general and administrative expenses increased.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥24.4 billion, a decline of ¥8.1 billion from ¥32.5 billion for the corresponding previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥0.9 billion.
  - IPP businesses reported profit of ¥19.7 billion in total, an increase of ¥6.5 billion from ¥13.2 billion for the corresponding previous year. A coal-fired plant in Hezhou, China, which commenced commercial operation, was a new contributor. Profit from the gas-fired plant in Puerto Rico and the coal-fired plant in the United Kingdom also contributed to the increase. Furthermore, mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, improved by ¥3.8 billion to a gain of ¥1.9 billion from a loss of ¥1.9 billion for the corresponding previous year.
  - A ¥3.8 billion impairment loss was recorded in an infrastructure business other than IPP business.
- The Integrated Transportation Systems Business Unit reported a decline of ¥7.3 billion. The main factor behind the decline was an increase in the research and development costs incurred for the development of a new aircraft engine with General Electric Company.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥17.1 billion, a decline of ¥3.5 billion from ¥20.6 billion for the corresponding previous year. In addition to the above factors, the following factors also affected results.

- For the year ended March 31, 2014, a ¥6.7 billion gain was recorded due to a reversal of impairment loss on shares in Penske Automotive Group, Inc. reflecting a rise in the share price.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution increased by approximately ¥3.5 billion from the corresponding previous year.

Chemicals Segment

	Billions of Yen					
	Years Ended March 31,					
	2014		2013		Change	
Revenue	¥	943.2	¥	747.6	¥	195.6
Gross Profit		80.5		70.7		9.8
Operating Income		10.7		7.1		3.6
Share of profit of investments accounted for using the equity method		8.6		6.4		2.2
Profit for the year attributable to owners of the parent		8.4		1.0		7.4

Revenue for the year ended March 31, 2014 was ¥943.2 billion, an increase of ¥195.6 billion from ¥747.6 billion for the corresponding previous year.

- The Basic Chemicals Business Unit reported an increase of ¥189.7 billion due to a recovery in underperforming trading activities of petrochemical materials for the corresponding previous year.
- The Performance Chemicals Business Unit reported an increase of ¥5.8 billion mainly attributable to strong sales of agricultural chemicals at Mitsui AgriScience International SA/NV (Belgium).

Gross profit for the year ended March 31, 2014 was ¥80.5 billion, an increase of ¥9.8 billion from ¥70.7 billion for the corresponding previous year.

- The Basic Chemicals Business Unit reported an increase of ¥7.9 billion due to a recovery in underperforming trading activities of petrochemical materials.
- The Performance Chemicals Business Unit reported an increase of ¥1.9 billion due to the positive effect of the depreciation of the Japanese yen and the increase of gross profit at Mitsui AgriScience International SA/NV.

Operating income for the year ended March 31, 2014 was ¥10.7 billion, an increase of ¥3.6 billion from ¥7.1 billion for the corresponding previous year. Despite the increase in gross profit, selling, general and administrative expenses increased.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥8.6 billion, an increase of ¥2.2 billion from ¥6.4 billion for the corresponding previous year.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥8.4 billion, an increase of ¥7.4 billion from ¥1.0 billion for the corresponding previous year. In addition to the above-mentioned factors, this segment recorded a loss of ¥3.0 billion due to the cancellation of a study on alpha olefins production in the United States for the year ended March 31, 2014.

Energy Segment

	Billions of Yen					
	Years Ended March 31,					
	2014		2013		Change	
Revenue	¥	1,454.3	¥	1,280.5	¥	173.8
Gross Profit		199.8		203.2		(3.4)
Operating Income		141.9		150.7		(8.8)
Share of profit of investments accounted for using the equity method		60.1		53.6		6.5
Profit for the year attributable to owners of the parent		188.4		145.5		42.9

The weighted average crude oil prices applied to our operating results for the years ended March 31, 2014 and 2013 were estimated to be US$110 and US$114 per barrel, respectively.

Revenue for the year ended March 31, 2014 was ¥1,454.3 billion, an increase of ¥173.8 billion from

¥1,280.5 billion for the corresponding previous year.

- Petroleum trading operations recorded an increase of ¥129.9 billion due to an increase in trading volume.
- Oil and gas producing operations recorded an increase of ¥29.9 billion reflecting the depreciation of the Japanese yen, despite the decline in production volume associated with refurbishment of oil production facility at Mitsui E&P Australia Pty Limited.

Gross profit for the year ended March 31, 2014 was ¥199.8 billion, a decline of ¥3.4 billion from ¥203.2 billion for the corresponding previous year, primarily due to the following factors:

- Mitsui E&P Middle East B.V. reported an increase of ¥26.9 billion due to a decline in production cost, an increase in oil production and the depreciation of the Japanese yen.
- Mitsui E&P USA LLC (United States) reported an improvement of ¥4.6 billion due to a reduction in unit depreciation costs associated with an increase in proved reserves of shale gas as well as higher gas prices.
- Mitsui E&P Australia Pty Limited reported a decline of ¥32.2 billion due to a decline in production associated with refurbishment of its oil production facility.
- The sale of Mitsui Oil Co., Ltd. in the three-month period ended March 31, 2014 resulted in a decrease of ¥7.6 billion.

Operating income for the year ended March 31, 2014 was ¥141.9 billion, a decline of ¥8.8 billion from ¥150.7 billion for the corresponding previous year. While gross profit remained flat, selling, general and administrative expenses increased.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥60.1 billion, an increase of ¥6.5 billion from ¥53.6 billion for the corresponding previous year. Japan Australia LNG (MIMI) Pty. Ltd. reported an increase reflecting the depreciation of the Japanese yen.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥188.4 billion, an increase of ¥42.9 billion from ¥145.5 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3, and Equatorial Guinea) were ¥96.2 billion in total, an increase of ¥35.0 billion from ¥61.2 billion for the corresponding previous year, due mainly to an increase in dividends received from the Sakhalin II and the Qatargas 1 projects.
- For the year ended March 31, 2014, Mitsui recorded a gain of ¥11.3 billion on the sale of shares in Mitsui Oil Co., Ltd.
- For the year ended March 31, 2014, Mitsui E&P Middle East B.V. and Mitsui E&P Australia Pty Limited recorded a gain on sales of interests in oil fields in Egypt and New Zealand, respectively, totaling ¥6.2 billion.
- For the year ended March 31, 2014, exploration expenses of ¥18.6 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Limited and Mitsui E&P Mozambique Area 1 Limited (United Kingdom). For the corresponding previous year, exploration expenses totaled ¥33.4 billion, including those recorded by Mitsui E&P Mozambique Area 1 Limited (United Kingdom), Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty Limited.
- Mitsui E&P Texas LP recorded an impairment loss of ¥14.2 billion related to Eagle Ford shale gas and oil producing operations mainly attributable to a review of the production estimates.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Oil and Gas, and Our Equity Share of Production

- Short-Term Pricing and Supply-Demand Balance

  A report by the International Energy Agency (published April 2014) indicated that world crude oil demand in 2013 calendar year was 91.4 million barrels per day, with an estimated demand for the 2014 calendar year of 92.7 million barrels per day. As of June 2014, general observations on short-term supply-demand balance of crude oil by agencies and corporations in this industry suggest that:

- After hitting bottom in April to June 2009, world crude oil demand is expected to continue to rise in 2014 against the backdrop of rising demand in developing countries. On the other hand, world crude oil supply is also expected to increase. Accordingly, the increase in demand and increase in supply offset each other, and it is predicted there will be no drastic change in the balance of supply and demand.
- The price of crude oil (Brent) touched US$126 per barrel in February 2012 due to concerns towards geopolitical risks and then traded in the range of US$100 – 110 per barrel until April 2012 thereafter, but then it turned to a decline once again due to the financial situation in Europe as well as concerns on slowing down in growth rates in the emerging economies such as China, falling below US$90 per barrel in June 2012. Since then, on the back of factors such as rising geopolitical risks, expectations towards improving economic conditions in Europe and for additional quantitative easing in the United States, the crude oil (Brent) price shifted upwards and has traded in the range of about US$100 – 110 per barrel despite tapering of quantitative easing measures by the U.S. Federal Reserve commencing in December 2013, and as of June 16, 2014, the price of crude oil (Brent) was traded at around US$113 per barrel.
- The price of crude oil (WTI) is affected by, in addition to factors mentioned above, supply and demand balance in the United States, and inventory levels and transportation facilities at Cushing, Oklahoma. At the beginning of 2013 the price of WTI had traded US$20 per barrel below Brent, but then transportation capacity from Cushing to consuming areas had expanded along with rising refinery utilization, which led to WTI rising to trade at par to Brent in July of that year. Thereafter, the discount to Brent widened again, but has been narrowing following new pipelines coming on line in January 2014 and harsh winter weather mainly on the east coast, and as of June 16, 2014, the price of WTI was traded at around US$107 per barrel.
- In LNG movements, amid a rising trend in LNG demand in countries such as Korea and Taiwan due to an Asian economic recovery as well as in developing countries, LNG demand increased significantly as a result of the operational shutdown of nuclear power plants due to the Great East Japan Earthquake in March 2011, and the spot price of LNG to Asia rose from the pre-earthquake levels of around US$9 per mmBtu to more than US$20 per mmBtu at one point, however it has recently declined to around US$12 per mmBtu as of mid-June 2014.

According to the U.S. Securities and Exchange Commission standards, our equity share of production amount of oil and gas for the year ended March 31, 2013 was 72 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil; includes 9 million barrels for Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion), and equity share of production for the year ended March 31, 2014 was 75 million barrels (including 10 million barrels of Mitsui Oil Exploration Co., Ltd.'s noncontrolling interest portion).

For the year ending March 31, 2015, a change of US$1 per barrel in crude oil prices is estimated to have an effect of ¥1.8 billion on profit for the year attributable to owners of the parent as a result of changes in revenues of our oil and gas related subsidiaries and associated companies. Similar to the discussion regarding iron and steel raw materials, actual results of operations are also influenced by production costs, trends in foreign exchange rates and other factors surrounding those subsidiaries and associated companies.

- Medium- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Share of Production

The medium- and long-term trends in supply, demand and prices of crude oil are subject to far greater levels of uncertainty than recent trends, and it is therefore difficult for the management to make a definitive forecast. On the other hand, with respect to LNG and North American shale gas, we are focusing on the changes in market structure that are currently taking place, and acting accordingly as follows:

- In the past, the LNG market growth has been driven primarily by long-term purchase contracts by power and gas companies operating in Japan and the Far East. Expansion of incumbent projects and greenfield projects coming on stream will increase the volume of supply to the market, while demand, traditionally centered around the Far East, is likely to increase by growing demand from Europe and Latin America, and huge markets in China, India and South East Asian countries will emerge. Therefore, globalization in terms of both supply and demand is expected to continue. In addition, as the frequency of supply-demand adjustments in these markets increases, LNG is expected to become a more marketable commodity.

- The tight situation of LNG supply and demand is expected to continue until around 2015 in case of prolonged operational shutdown of nuclear power plants, due to limited expansion of incumbent projects and greenfield LNG projects coming on stream in Asia in the short term. On the other hand, long-term purchase contracts for a portion of Japanese projects are subject to renewal around 2015, and a reshuffling of LNG suppliers is also expected. In evaluating the opportunities for the expansion of incumbent projects or pursuit of new development projects, we are putting an emphasis on securing stable supply as well as diversifying our source of supply to enhance flexibility.
- While shale gas, which is an unconventional source of gas that has been increasingly developed in the United States, is recognized to have vast global reserves, it is not expected to be rapidly developed in areas outside the United States due to restrictions such as the requirement for a large supply of water for development and a pipeline near the gas fields for transportation. Development of unconventional gas including shale gas will impact the supply and demand balance of natural gas in the United States, and due to its abundant supply, part of the production is expected to be exported in the form of LNG. Such an impact will, however, be limited outside of the United States for some time, and amid rising demand for natural gas as clean energy, LNG is expected to grow along with natural gas from a medium- and long-term perspective.
- Henry Hub prices, which form the basis of natural gas prices in the United States, fell as a result of the development progress of unconventional gas. It is predicted that, going forward, natural gas will continue to be traded at a lower price on a caloric conversion basis compared to crude oil, but in the long term it is likely that demand for replacement of fuels, particularly coal, used in the production of electricity, as well as demand for LNG and chemical production will emerge, and the price will gradually rise.

Lifestyle Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 890.6	¥ 816.1	¥ 74.5
Gross Profit	114.0	114.4	(0.4)
Operating Loss	(15.4)	(4.1)	(11.3)
Share of profit of investments accounted for using the equity method	19.3	15.3	4.0
Profit for the year attributable to owners of the parent	12.1	13.0	(0.9)

Revenue for the year ended March 31, 2014 was ¥890.6 billion, an increase of ¥74.5 billion from ¥816.1 billion for the corresponding previous year.

- The Food Resources Business Unit reported an increase of ¥77.7 billion. Mitsui and Multigrain Trading AG (Switzerland,) engaged in origination and merchandising of agricultural products, reported an increase due to an expansion of trading volume of grain.
- The Food Products & Services Business Unit recorded a decline of ¥2.2 billion.
- The Consumer Service Business Unit reported a decline of ¥1.0 billion.

Gross profit for the year ended March 31, 2014 was ¥114.0 billion, a decline of ¥0.4 billion from ¥114.4 billion for the corresponding previous year.

- The Food Resources Business Unit reported a decline of ¥2.6 billion.
- The Food Products & Services Business Unit recorded a decline of ¥3.0 billion, mainly attributable to underperforming domestic businesses.
- The Consumer Service Business Unit reported an increase of ¥5.2 billion, mainly attributable to the new contribution from Paul Stuart, Inc. (United States), which was acquired during the three-month period ended December 31, 2012.

Operating loss for the year ended March 31, 2014 was ¥15.4 billion, a deterioration of ¥11.3 billion from operating loss of ¥4.1 billion for the corresponding previous year. Selling, general and administrative expenses increased.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥19.3 billion, an increase of ¥4.0 billion from ¥15.3 billion for the corresponding previous year.

- The Food Resources Business Unit reported an increase of ¥2.6 billion. Ventura Foods, LLC, a U.S. edible oil manufacturer in which Wilsey Foods, Inc. invests, contributed to the increase.
- The Food Products & Services Business Unit reported the same amount as the corresponding previous year.
- The Consumer Service Business Unit reported an increase of ¥1.3 billion. Arch Pharmalabs Limited, a pharmaceutical contract manufacturer in India, posted an equity loss of ¥4.2 billion and ¥3.3 billion, reflecting impairment losses on fixed assets and other assets for the years ended March 31, 2014 and 2013, respectively.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥12.1 billion, a decline of ¥9.0 billion from ¥13.0 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the year ended March 31, 2014, Multigrain Trading AG recorded a ¥4.1 billion gain on sale of shares in a port terminal company in Brazil and Bussan Real Estate Co., Ltd. recorded a ¥4.7 billion gain on sales of office buildings in Japan.
- For the corresponding previous year, this segment recorded an ¥8.0 billion gain on the partial sale of shares in Mikuni Coca-Cola Bottling Co., Ltd. and a ¥4.2 billion gain related to equity dilution in IHH Healthcare Berhad. Meanwhile, this segment recorded a ¥2.9 billion impairment loss on listed shares in Mitsui Sugar Co., Ltd. due to a decline in the share price.

Innovation & Corporate Development Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 103.2	¥ 121.1	¥ (17.9)
Gross Profit	22.6	31.7	(9.1)
Operating Loss	(37.1)	(26.9)	(10.2)
Share of profit of investments accounted for using the equity method	4.9	12.7	(7.8)
Profit (loss) for the year attributable to owners of the parent	(12.3)	5.1	(17.4)

Revenue for the year ended March 31, 2014 was ¥103.2 billion, a decline of ¥17.9 billion from ¥121.1 billion for the corresponding previous year. Revenue corresponding to foreign exchange gains of ¥14.4 billion and ¥6.4 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net was included in gross profit for the year ended March 31, 2014 and for the corresponding previous year, respectively; there was a decline in revenue corresponding to the ¥8.0 billion increase of foreign exchange gains.

Gross profit for the year ended March 31, 2014 was ¥22.6 billion, a decline of ¥9.1 billion from ¥31.7 billion for the corresponding previous year mainly attributable to a decline in gross profit corresponding to the aforementioned ¥8.0 billion increase of foreign exchange gains.

Operating loss for the year ended March 31, 2014 was ¥37.1 billion, a deterioration of ¥10.2 billion from ¥26.9 billion for the corresponding previous year.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥4.9 billion, a decline of ¥7.8 billion from ¥12.7 billion for the corresponding previous year. TPV Technology Limited reported a decline of ¥2.8 billion due to the underperforming of the TV business and JA Mitsui Leasing, Ltd. reported a decline.

Loss for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥12.3 billion, a decline of ¥17.4 billion from profit of ¥5.1 billion for the corresponding previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the year ended March 31, 2014 and for the corresponding previous year, foreign exchange gains of ¥14.4 billion and ¥6.4 billion, respectively, were posted in other expense-net in relation to the commodity derivatives trading business at Mitsui.
- For the year ended March 31, 2014, this segment recorded an impairment loss of ¥4.4 billion on listed securities in TPV Technology Limited reflecting the decline in share price.
- For the corresponding previous year, due to the partial sale of shares in Nihon Unisys, Ltd. this segment recorded a ¥7.1 billion gain on the sale of shares and valuation gain on retained shares. This segment also recorded a ¥4.2 billion valuation gain on shares in Brightstar Corp.

Americas Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 699.6	¥ 547.1	¥ 152.5
Gross Profit	78.7	66.0	12.7
Operating Income	13.8	12.0	1.8
Share of profit of investments accounted for using the equity method	4.0	4.7	(0.7)
Profit for the year attributable to owners of the parent	13.7	10.1	3.6

Revenue for the year ended March 31, 2014 was ¥699.6 billion, an increase of ¥152.5 billion from ¥547.1 billion for the corresponding previous year. The depreciation of the Japanese yen, an increase in trading volume of grain and Cinco Pipe & Supply, LLC (United States), which was newly acquired during the three-month period ended December 31, 2012, contributed to the increase.

Gross profit for the year ended March 31, 2014 was ¥78.7 billion, an increase of ¥12.7 billion from ¥66.0 billion for the corresponding previous year. The depreciation of the Japanese yen as well as Cinco Pipe & Supply, LLC contributed to the increase.

Operating income for the year ended March 31, 2014 was ¥13.8 billion, an increase of ¥1.8 billion from ¥12.0 billion for the corresponding previous year. Despite the increase in gross profit, selling, general and administrative expenses increased reflecting the depreciation of the Japanese yen.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥4.0 billion, a decline of ¥0.7 billion from ¥4.7 billion for the corresponding previous year.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥13.7 billion, an increase of ¥3.6 billion from ¥10.1 billion for the corresponding previous year. In addition to the above-mentioned factors, for the year ended March 31, 2014, MBK Real Estate LLC recorded a ¥4.3 billion gain on the sale of senior living facilities and this segment recorded a ¥1.7 billion gain due to a reversal of impairment loss on shares in Penske Automotive Group, Inc. (United States) reflecting a rise in the share price.

Europe, the Middle East & Africa Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 108.7	¥ 95.1	¥ 13.6
Gross Profit	18.8	15.6	3.2
Operating Loss	(2.3)	(3.7)	1.4
Share of profit of investments accounted for using the equity method	1.4	0.4	1.0
Profit for the year attributable to owners of the parent	0.4	3.0	(2.6)

Revenue for the year ended March 31, 2014 was ¥108.7 billion, an increase of ¥13.6 billion from ¥95.1 billion for the corresponding previous year, reflecting an increase in trading volume of foods.

Gross profit for the year ended March 31, 2014 was ¥18.8 billion, an increase of ¥3.2 billion from ¥15.6 billion for the corresponding previous year.

Operating loss for the year ended March 31, 2014 was ¥2.3 billion, an improvement of ¥1.4 billion from ¥3.7 billion for the corresponding previous year.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥1.4 billion, an increase of ¥1.0 billion from ¥0.4 billion for the corresponding previous year.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥0.4 billion, a decline of ¥2.6 billion from ¥3.0 billion for the corresponding previous year. In addition to the above-mentioned factors, in the corresponding previous year, MBK Real Estate Europe Limited (United Kingdom) recorded a ¥3.2 billion gain on reversal of impairment loss on an office building recorded in previous year.

Asia Pacific Segment

	Billions of Yen		
	Years Ended March 31,		
	2014	2013	Change
Revenue	¥ 109.1	¥ 82.9	¥ 26.2
Gross Profit	12.5	10.5	2.0
Operating Loss	(6.9)	(5.9)	(1.0)
Share of profit of investments accounted for using the equity method	4.5	4.9	(0.4)
Profit for the year attributable to owners of the parent	30.7	25.3	5.4

Revenue for the year ended March 31, 2014 was ¥109.1 billion, an increase of ¥26.2 billion from ¥82.9 billion for the corresponding previous year, reflecting the depreciation of the Japanese yen and an increase in trading volume of chemicals.

Gross profit for the year ended March 31, 2014 was ¥12.5 billion, an increase of ¥2.0 billion from ¥10.5 billion for the corresponding previous year.

Operating loss for the year ended March 31, 2014 was ¥6.9 billion, a deterioration of ¥1.0 billion from ¥5.9 billion for the corresponding previous year.

Share of profit of investments accounted for using the equity method for the year ended March 31, 2014 was ¥4.5 billion, a decline of ¥0.4 billion from ¥4.9 billion for the corresponding previous year.

Profit for the year attributable to owners of the parent for the year ended March 31, 2014 was ¥30.7 billion, an increase of ¥5.4 billion from ¥25.3 billion for the corresponding previous year. In addition to the above, this segment recorded earnings from the segment's minority interest in Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd.

(4) Liquidity and Capital Resources

Use of Non GAAP Financial Measures

Net Debt-to-Equity Ratio

We refer to “Net Debt-to-Equity Ratio” (“Net DER”) in this “Liquidity and Capital Resources” and elsewhere in this report. Net DER is comprised of “net interest bearing debt” divided by total equity attributable to owners of the parent.

We define “net interest bearing debt” as follows:

- calculate interest bearing debt by adding up short-term debt and long-term debt
- calculate net interest bearing debt by subtracting cash and cash equivalents and time deposits with maturities within one year after three months from interest bearing debt

Our management considers that Net DER is a useful measure for investors to review the balance between interest bearing debt and total equity attributable to owners of the parent for the purpose of improving our capacity to meet debt repayment and leverage to improve return on equity in our capital structure.

“Net interest bearing debt” and “Net DER” are presented in the table below.

	As of March 31, 2014	As of March 31, 2013
	(Billions of Yen)	(Billions of Yen)
Short-term debt	¥ 436.9	¥ 532.1
Long-term debt	3,974.2	3,644.3
Interest bearing debt	4,411.1	4,176.4
Less cash and cash equivalents and time deposits	(1,232.3)	(1,437.3)
Net interest bearing debt	3,178.8	2,739.1
Total equity attributable to owners of the parent	¥ 3,815.8	¥ 3,439.1
Net DER (times)	0.83	0.80

Free Cash Flow

We define “free cash flow” as the sum of net cash provided by/(used in) operating activities and net cash provided by/(used in) investing activities. Our management believes that such indicator is useful for investors to measure available net cash for strategic investments and/or for debt repayments, or the extent of reliance on borrowings from outside sources to procure funds.

The following table shows how we calculated free cash flow.

	Year ended March 31, 2014 (Billions of Yen)	Year ended March 31, 2013 (Billions of Yen)	Increase/(Decrease) (Billions of Yen)
Net cash provided by operating activities	¥ 449.2	¥ 455.3	¥ (6.1)
Net cash used in investing activities	(659.8)	(754.5)	94.7
Free cash flow	¥ (210.6)	¥ (299.2)	¥ 88.6

1) Funding and Treasury Policies

Our basic funding policy as set forth by our management is to secure liquidity required for our smooth operations and to maintain the strength and soundness of our balance sheet. Thus, our principal strategy is to obtain long-term funds (those with maturities of around 10 years) from financial institutions, including domestic life-insurance companies and banks, and through the issuance of corporate bonds. At the same time, we minimize our refinance risk by deconcentrating the amount of long-term debt to be repaid each fiscal year. In cases of projects where large amounts of financing are required, we utilize financing programs provided by government financing agencies and/or project financing. We also hold sufficient cash and cash equivalents in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effects of a deteriorated financial market on future debt-service requirements. While there is no particular target amount of cash and cash equivalents to be held, considering the current financial market conditions, cash and cash equivalents are invested mainly in highly-liquid and highly-rated short-term financial instruments, or deposited.

In principle, a domestic financing subsidiary provides a cash management service to wholly-owned domestic subsidiaries, which results in the centralization of funding sources, efficient use of excess funds and securement of liquidity for domestic subsidiaries.

The same policy and practices have been extended to wholly-owned overseas subsidiaries through our regional financing subsidiaries. As a result, approximately three fourths of total interest bearing debt as of March 31, 2014 was raised by Mitsui and the above-mentioned financing subsidiaries.

2) Funding Sources

In accordance with our basic funding policy above, we choose funding sources from various forms of direct and indirect financing in order to secure long and stable sources of funds, and procure financing by suitable means considering the financial condition at that point of time.

We procure necessary funds, mainly long-term, based on our longstanding and wide-ranging relations with financial institutions in Japan and overseas. In addition, we borrow from government financing agencies such as Japan Bank for International Cooperation, and also utilize project financing.

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥300 billion debt shelf-registration and a ¥2,400 billion commercial paper program in Japan, and utilizes a suitable one among these facilities on the favorable financial situation. Furthermore, Mitsui & Co. Financial Services (Asia) Ltd. and Mitsui & Co., Ltd. have arranged a joint Euro medium-term note (“MTN”) program of US$5 billion. Mitsui guarantees notes issued by a consolidated overseas subsidiary under this program. Outstanding domestic bonds under shelf-registration and notes under MTN program as of March 31, 2014 are ¥321 billion and ¥23 billion, respectively. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a US$1.5 billion U.S. domestic commercial paper program, and there are similar commercial paper programs in certain other overseas markets and these programs are utilized where appropriate. Mitsui maintains the principal strategy of carrying out long-term and stable fund procurement, and we do not rely on fund procurement means such as commercial paper or short-term loans. As a result, the proportion of short-term debt to total interest bearing debt on the consolidated basis was 9.9% as of March 31, 2014.

Certain subsidiaries set lines of credit by paying commitment fees to financial institutions, but the amount of the fee paid was not material in the previous fiscal year and in the current fiscal year. For unused lines of credit for short-term debt, including these lines of credit with fees, see Note 15, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

A vast majority of interest bearing debt is denominated in Japanese yen and U.S. dollars. Considering the type of interest and currency of the asset-side, we employ certain derivative financial instruments, which include interest rate swaps, currency swaps and foreign currency exchange forward contracts to convert interest or currency of our liabilities. We regard that the proportion of interest bearing debt with fixed interest rate after taking into account interest rate swaps is appropriate considering the condition of our current financial position. See Note 8, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” for further description of our derivative financial instruments. Additionally, regarding liquidity analysis related to derivative instruments, see Note 15, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

Credit Ratings

To facilitate smooth fund raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. (“R&I”), Moody’s Japan K.K. (“Moody’s”) and Standard & Poor’s Ratings Japan K.K. (“S&P”). The ratings as of March 31, 2014 were as follows:

	R&I	Moody’s	S&P
Short-term rating	a-1+	P-1	A-1(**)
(Long-term) Issuer rating	AA-	—	A+
Long-term Issue rating	AA-	A2(*)	—
Medium-term note rating	AA-	A2	A+

(*) The terminology used at Moody’s is “Long-Term Obligation Ratings (senior unsecured).”
(**) The terminology used at S&P is “Short-Term Issuer Credit Ratings.”

Mitsui intends to maintain sound financial foundations and will strive for the maintenance and improvement of its credit rating.

Credit ratings are assessments by the rating agencies of the credit risks associated with us and are based on information provided by us and other sources that the rating agencies consider reliable. Credit ratings do not constitute a recommendation to buy, sell or hold securities and are subject to change or withdrawal by each of the rating agencies at any time. Each rating agency has different criteria in evaluating the risk associated with a company.

3) Liquidity Management

Cash and cash equivalents were ¥1,226.3 billion as of March 31, 2014. A vast majority of cash and cash equivalents are denominated in Japanese yen and our management recognizes that cash and cash equivalents as of March 31, 2014 satisfy the liquidity requirements for the repayment of short-term debt (¥436.9 billion) and current maturities of long-term debt (¥505.9 billion).

During the year ended March 31, 2014, although global capital market experienced temporary fragility due to causes such as the market disturbance of Japanese Government bond after quantitative and qualitative easing by the Bank of Japan, higher U.S. interest rate and turmoil in emerging markets resulting from starting tapering of quantitative easing by the Federal Reserve Bank, we steadily procured necessary funds in accordance with our basic funding policy by utilizing the long-term good relationship with financial institutions and various measures implemented by public financing agencies. On the other hand, as seen in the increasing volatility in the U.S. interest rate market due to tapering, geopolitical risks, and promotion of structural reforms and the shadow banking problem in China, it is undeniable that there remains uncertainty in global financial conditions, and we consider it necessary to continue to closely monitor the prospect for liquidity.

As a result, as of March 31, 2014, the proportion of long-term debt to total interest bearing debt on the consolidated basis was 90.1%. For the details of the long-term debt, interest rate structure and the maturity profile of our outstanding debt as of March 31, 2014, see Note 15, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

Total equity attributable to owners of the parent as of March 31, 2014 was ¥3,815.8 billion, an increase of ¥376.7 billion from March 31, 2013. On the other hand, net interest bearing debt was ¥3,178.8 billion, an increase of ¥439.7 billion, and as a result, the Net DER increased to 0.83 times as of March 31, 2014 from 0.80 times as of March 31, 2013.

The ratio of current assets to current liabilities, which was 151.8% as of March 31, 2013, was 149.6% as of March 31, 2014.

Judging by the numbers above and current market conditions, the financial strength of our balance sheet is maintained, and at this stage we are not aware of any significant financial difficulties that would affect our operations including investments and loans in accordance with our New Medium-term Management Plan.

Although we provide payment guarantees to third parties and related parties, these guarantees do not include those that have substantial impacts on our liquidity. For details on guarantees issued by us and future obligations, see Note 26, “CONTINGENT LIABILITIES.”

With the exception of non-recourse financing for individual projects, it is our policy not to conclude agreements for important financial transactions with financial institutions that contain additional debt restriction clauses that may cause acceleration of our obligations, including debt incurrence restrictions, negative pledges, restrictions on dividend payments and various financial ratio limits, and there are no material financial covenants in the agreements undertaken.

Our management believes that our liquidity will not be affected by dividends from our foreign consolidated subsidiaries and associated companies. Assuming that such companies have sufficient distributable net assets or retained earnings as provided under the local laws of the relevant jurisdictions, there are no material contractual or legal restrictions on the ability of our consolidated subsidiaries and associated companies to transfer funds to us in the form of dividends and other distributions. There are no material economic restrictions on payments of dividends and other distributions by them other than general withholding or other taxes calculated at the rates determined by the local tax laws of the relevant jurisdictions.

We plan to contribute ¥11.3 billion to our defined-benefit pension plans for the year ending March 31, 2015.

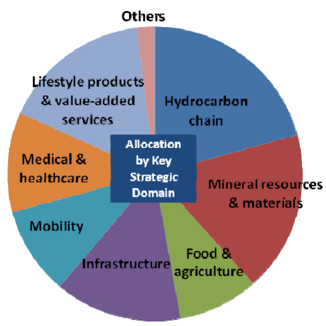
4) Investment and Loan, Financial Policies

During the year ended March 31, 2014, we executed new investments and loans of approximately ¥1,010 billion (*1), which was above the original plan of ¥ 1,000 billion (*2). In particular, we proceeded with the acquisition of good upstream equity interests and improvement of existing assets, and focused on strengthening of our earnings base. On the other hand, we collected approximately ¥305 billion through disposal of assets and investments, surpassing the original plan of ¥170 billion, and our net cash outflow was lower by ¥125 billion compared with the original plan (*3).

As a result, net cash used in investing activities for the year ended March 31, 2014 was ¥659.8 billion. On the other hand, net cash provided by operating activities was ¥449.2 billion. Accordingly, free cash flow for the year ended March 31, 2014 represented a net outflow of ¥210.6 billion. See “6) Cash Flows,” for further description of cash flows for the year ended March 31, 2014.

During the three-year period of the New Medium-term Management Plan, a total sum of ¥1,500 billion is planned for expenditures on investments and loans of existing business and projects in the pipeline (*4). Projects such as our expansion plans for Mineral & Metal Resources and development plans for Energy, which we already decided to participate in, are included. We also plan divestiture of existing assets, generating a total sum of ¥700 to ¥900 billion, for the three-year period. As for new investments, we plan to make a balanced capital allocation to different key strategic domains. We plan to allocate a larger proportion of the capital into domains where we can expect high growth, such as medical and healthcare as well as lifestyle products and value added services. We will allocate the cash resources coming from our existing businesses and projects in the pipeline to new investments and return to shareholders in a well-balanced manner. By ensuring discipline in investments, we plan to achieve positive free cash flow.

Investment in “New Business”



Gross Investment of ¥1.5 trillion in "Existing Business" & "Projects in the pipeline" during 3 years

Operating Segment (¥ billion)	Investments & Divestitures Existing & Pipeline (FY 15/3～17/3 total)	Key Projects
Iron & Steel Products	10	Service Centre, etc.
Mineral & Metal Resources	290	Australian iron ore & coal expansion, etc.
Machinery & Infrastructure	230	IPP, FPSO, Rolling stock for leasing, etc.
Chemicals	20	Australian salt, etc.
Energy	660	3 LNG projects, Onshore oil field in Italy, Oil & gas expansion
Lifestyle	110	Global grain operations, etc.
Innovation & Corporate Development	60	Financing business, etc.
Overseas	120	ITC expansion, Aust. wind power generation, etc.
Total	1,500	
Divestitures	-700～900	Strategic Divestitures
Net	600～800	

In the New Medium-term Management Plan, we will pursue improvement in our capital efficiency while maintaining our financial stability. Maintaining financial stability continued to be critical, as we have a number of large scale development projects that will require sizable expenditure. Therefore we plan on maintaining a net DER of around 0.8 times as of March 31, 2017.

For the details of the New Medium-term Management Plan, see "3. Management Issues (1) New Medium-term Management Plan "Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-"" and for the details of refinancing, see "1) Funding and Treasury Policies" and "2) Funding Sources."

Many of the projects in the investment and loan plan have not decided final investment decision and such progress of projects will have an effect on our actual cash flows and financial condition.

(*1) For details according to operating segment, see "6) Cash Flows."
(*2) Mitsui defines investment and loan plan with the combined total of investing cash flows of operating segments other than All Other and Adjustments and Eliminations. Financial services from and to us referred to in "1) Funding and Treasury Policies" and "3) Liquidity Management" above are provided by the All Other segment. Cash flows from investing activities at the All Other segment included an increase or decrease of time deposits as well as purchases of and proceeds from sales of other securities for the purpose of fund management.
(*3) Amounts of investments and loans for the year ended March 31, 2014 were calculated based on U.S. GAAP.
(*4) Projects our participation in which have been decided, announced as of May 2014, and profit contribution by which are expected within several years.

5) Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2014 was ¥11,491.3 billion, an increase of ¥714.0 billion from ¥10,777.3 billion as of March 31, 2013.

Current assets as of March 31, 2014 was ¥4,465.4 billion, a decline of ¥163.1 billion from ¥4,628.5 billion as of March 31, 2013. Cash and cash equivalents declined by ¥206.2 billion.

Current liabilities as of March 31, 2014 declined by ¥64.2 billion to ¥2,984.7 billion from ¥3,048.9 billion as of March 31, 2013. Current portion of long-term debt increased by ¥76.0 billion due to reclassification to current portion, while short-term debt declined by ¥95.2 billion. Other current liabilities declined by ¥57.5 billion mainly attributable to a decrease in the precious metal lease business in the Innovation & Corporate Development Segment.

As a result, working capital, or current assets less current liabilities, as of March 31, 2014 totaled ¥1,480.7 billion, a decline of ¥98.9 billion from ¥1,579.6 billion as of March 31, 2013.

Non-current assets as of March 31, 2014 was ¥7,025.9 billion, an increase of ¥877.1 billion from ¥6,148.8 billion as of March 31, 2013, mainly due to the following factors (Operating Segments are shown in parentheses):

- Investments accounted for using the equity method as of March 31, 2014 was ¥2,448.8 billion, an increase of ¥393.7 billion from ¥2,055.1 billion as of March 31, 2013. Major factors were as follows:
  - An increase due to an acquisition of a 20% stake in ESBR Participações S.A., running the Jirau hydropower project in Brazil (Machinery & Infrastructure);
  - An increase of ¥39.4 billion due to an investment in the North and South American operations of an automotive components supplier, Gestamp Automoción, S.L. (Iron & Steel Products);
  - An increase of ¥38.8 billion due to an acquisition of a 28% stake in International Power (Australia) Holdings Pty Ltd, which is engaged in power generation and power and gas retail business in Australia (Machinery & Infrastructure);
  - An increase of ¥32.4 billion due to an investment in the Caserones copper and molybdenum project in Chile (Mineral & Metal Resources);
  - An increase of ¥12.7 billion due to an acquisition of a 49% stake in Czech water business companies, Aqualia Czech, S.L. and Aqualia Infraestructuras Inženýring, s.r.o. (Machinery & Infrastructure);
  - An increase due to an acquisition of a 20% stake in Medini Iskandar Malaysia Sdn. Bhd., which is engaged in the urban development of a smart city in Malaysia (Machinery & Infrastructure);
  - An increase of ¥11.2 billion due to an acquisition of a 20.6% stake in Astoria I power generation business in the United States (Machinery & Infrastructure); and
  - Factors that do not involve cash flow included an increase of ¥104.2 billion resulting from a foreign exchange translation adjustment on foreign investments due to the depreciation of the Japanese yen despite net declines in equity earnings of ¥2.1 billion (net of ¥173.3 billion in dividends received from equity accounted investees).

The following table shows the details of investments accounted for using the equity method as of March 31, 2014 and 2013 by operating segment.

	Billions of Yen		
	As of March 31,		
	2014	**2013**	**Change**
Iron & Steel Products	¥ 71.4	¥ 31.0	¥ 40.4
Mineral & Metal Resources	869.6	799.2	70.4
Machinery & Infrastructure	564.9	362.6	202.3
Chemicals	77.3	73.9	3.4
Energy	286.6	256.3	30.3
Lifestyle	262.7	235.4	27.3
Innovation & Corporate Development	71.5	83.3	(11.8)
Americas	57.8	48.9	8.9
Europe, the Middle East and Africa	14.0	10.4	3.6
Asia Pacific	192.5	180.4	12.1
Total	**2,468.3**	**2,081.4**	**386.9**
All Other	0.6	(0.4)	1.0
Adjustments and Eliminations	(20.1)	(25.9)	5.8
Consolidated Total	**¥ 2,448.8**	**¥ 2,055.1**	**¥ 393.7**

- Other investments as of March 31, 2014 were ¥1,554.7 billion, an increase of ¥158.9 billion from ¥1,395.8 billion as of March 31, 2013, mainly due to the following factors:
  - An increase of ¥61.3 billion due to an acquisition of a 7% share in BHP Iron Ore (Jimblebar) Pty.

(Mineral & Metal Resources);

- An increase of ¥54.1 billion net increase by valuation on financial assets measured at FVTOCI; and
- An increase of ¥33.6 billion due to an acquisition of shares in TonenGeneral Sekiyu K.K. (Energy.)

• Property, plant and equipment as of March 31, 2014 totaled ¥2,007.5 billion, an increase of ¥247.5 billion from ¥1,760.0 billion as of March 31, 2013, mainly due to the following factors:
  - An increase of ¥93.3 billion due to an acquisition of a 25% interest in the Tempa Rossa onshore oil field in the Gorgoglione concession in Italy (Energy);
  - An increase of ¥92.0 billion (including a foreign exchange translation gain of ¥18.8 billion and a ¥37.0 billion increase due to capitalization of dismantling and removing costs corresponding to asset retirement obligation recorded at Mitsui Oil Exploration Co., Ltd.) at oil and gas producing operations other than U.S. shale gas and oil operations and the acquisition of the Tempa Rossa onshore oil field (Energy);
  - An increase of ¥48.6 billion (including a foreign exchange translation loss of ¥8.3 billion) at iron ore mining operations in Australia (Mineral & Metal Resources);
  - An increase of ¥44.9 billion (including a foreign exchange translation gain of ¥20.5 billion and a ¥14.2 billion decline due to the recognition of impairment) at the Marcellus and Eagle Ford shale gas and oil producing operations in the United States (Energy);
  - A decline of ¥45.2 billion (including a foreign exchange translation loss of ¥5.9 billion and a ¥39.3 billion decline due to the recognition of impairment) at coal mining operations in Australia (Mineral & Metal Resources);
  - A decline of ¥31.9 billion due to the deconsolidation of Mitsui Oil Co., Ltd. (Energy); and
  - A decline of ¥10.6 billion (including a foreign exchange translation gain of ¥0.9 billion), primarily due to taking over an ammonia plant at P. T. Kaltim Pasifik Amoniak (Indonesia) (Chemicals).

The following table shows the details of property, plant and equipment as of March 31, 2014 and 2013 by operating segment.

	Billions of Yen		
	As of March 31,		
	2014	**2013**	**Change**
Iron & Steel Products	¥ 13.7	¥ 14.7	¥ (1.0)
Mineral & Metal Resources	510.9	506.8	4.1
Machinery & Infrastructure	231.5	197.0	34.5
Chemicals	109.9	105.3	4.6
Energy	752.7	559.6	193.1
Lifestyle	89.6	139.9	(50.3)
Innovation & Corporate Development	46.8	45.4	1.4
Americas	111.6	96.7	14.9
Europe, the Middle East and Africa	4.2	6.4	(2.2)
Asia Pacific	11.0	3.4	7.6
Total	**1,881.9**	**1,675.2**	**206.7**
All Other	53.5	11.5	42.0
Adjustments and Eliminations	72.1	73.3	(1.2)
Consolidated Total	**¥ 2,007.5**	**¥ 1,760.0**	**¥ 247.5**

The following table shows the details for the categories of property, plant and equipment leased to others as of March 31, 2014 and 2013 by operating segment.

	Billions of Yen	
	As of March 31,	
	2014	2013
Real estate	¥ 69.9	¥ 75.2
Ships and aircraft	68.5	59.5
Rolling stock, equipment and others	105.1	118.5
Consolidated Total	**¥ 243.5**	**¥ 253.2**

Non-current liabilities as of March 31, 2014 increased by ¥363.0 billion to ¥4,406.4 billion from ¥4,043.4 billion as of March 31, 2013. Long-term debt less current portion as of March 31, 2014 was ¥3,468.3 billion, an increase of ¥253.9 billion from ¥3,214.4 billion as of March 31, 2013, mainly due to an increase in long-term borrowings at financial subsidiaries. Furthermore, asset retirement obligation of Mitsui Oil Exploration Co., Ltd. increased by ¥44.3 billion on provisions.

Total equity attributable to owners of the parent as of March 31, 2014 was ¥3,815.8 billion, an increase of ¥376.7 billion from ¥3,439.1 billion as of March 31, 2013. Major components included:

- Retained earnings increased by ¥285.5 billion;
- Treasury stock which is a subtraction item in equity increased by ¥50.2 billion mainly attributable to the share buyback; and
- Other components of equity as of March 31, 2014 increased by ¥151.8 billion to ¥766.6 billion from ¥614.8 billion as of March 31, 2013, mainly due to the following factors:
  - Foreign currency translation adjustments increased by ¥102.0 billion, reflecting the appreciation of the U.S. dollar against the Japanese yen; and
  - Financial assets measured at FVTOCI increased by ¥33.4 billon due to the higher stock prices.

6) Cash Flows

	Billions of Yen		
	As of March 31,		
	2014	2013	Change
Net cash provided by operating activities	¥ 449.2	¥ 455.3	¥ (6.1)
Net cash used in investing activities	(659.8)	(754.5)	94.7
Net cash (used in) provided by financing activities	(13.2)	236.3	(249.5)
Effect of exchange rate changes on cash and cash equivalents	17.6	64.3	(46.7)
Net decrease (increase) in cash and cash equivalents	¥ (206.2)	¥ 1.4	¥ (207.6)

Cash Flows from Operating Activities

Net cash provided by operating activities for the year ended March 31, 2014 was ¥449.2 billion, a decline of ¥6.1 billion from ¥455.3 billion for the corresponding previous year. Major components of net cash provided by operating activities were our operating income of ¥305.2 billion, dividend income of ¥277.3 billion, including dividends received from associated companies, and a net cash outflow of ¥148.3 billion from an increase in working capital, or changes in operating assets and liabilities.

Compared with the corresponding previous year, dividend income increased by ¥82.0 billion and operating income increased by ¥20.4 billion, while net cash flow from changes in working capital deteriorated by ¥122.2 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended March 31, 2014 was ¥659.8 billion, a decline of ¥94.7 billion from ¥754.5 billion for the corresponding previous year. Net cash used in investing activities consisted of the following (Operating Segments are shown in parentheses):

- Cash outflows that corresponded to investments in and advances to equity accounted investees were ¥268.3 billion, while cash inflows from sales of investments in and collection of advances from equity accounted investees were ¥63.5 billion. As a result, net cash outflows were ¥204.8 billion. Major components of cash outflow were following:
  - An acquisition of a 20% stake in ESBR Participações S.A. (Machinery & Infrastructure);
  - An acquisition of a 30% stake in Gestamp Automoción, S.L.'s North and South American operations for ¥39.4 billion (Iron & Steel Products);
  - An acquisition of a 28% stake in International Power (Australia) Holdings Pty Ltd for ¥38.8 billion (Machinery & Infrastructure);
  - An investment in the Caserones copper and molybdenum project in Chile for ¥32.4 billion (Mineral & Metal Resources);
  - An acquisition of a 49% stake in Aqualia Czech, S.L. and Aqualia Infraestructuras Inženýring, s.r.o. for ¥12.7 billion (Machinery & Infrastructure);
  - An acquisition of a 20% stake in Medini Iskandar Malaysia Sdn. Bhd. (Machinery & Infrastructure);
  - An investment in and loan to FPSO leasing business for oil and gas production in Brazil for ¥11.2 billion (Machinery & Infrastructure); and
  - An acquisition of a 20.6% stake in Astoria I power generation business in the United States for ¥11.2 billion (Machinery & Infrastructure).

  The major cash inflows included collection of a loan for ¥24.5 billion (Machinery & Infrastructure) from FPSO leasing business for oil and gas production in Brazil.

- A total of ¥165.8 billion was paid out for purchases of other investments, while proceeds of ¥158.6 billion were received from sales and maturities of other investments. As a result, net cash outflows were ¥7.2 billion. Major cash expenditures included an acquisition of a 7% share in BHP Iron Ore (Jimblebar) Pty. Ltd. for ¥61.3 billion (Mineral & Metal Resources) and an acquisition of shares in TonenGeneral Sekiyu K. K. for ¥33.6 billion (Energy). The major cash inflows included sales of interests in oil fields in Egypt and New Zealand for ¥19.1 billion in total (Energy); the sale of shares in QIWI plc for ¥14.7 billion (Innovation & Corporate Development); and the sale of shares in Brightstar Corp. for ¥11.9 billion (Innovation & Corporate Development).

- A total of ¥34.3 billion was paid out for increase in long-term loan receivables, while proceeds of ¥32.3 billion were received from collection of long-term loan receivables. As a result, net cash outflows were ¥2.0 billion. The major cash outflows contained the loan to BHP Iron Ore (Jimblebar) Pty. Ltd. (Mineral & Metal Resources)

- A total of ¥406.5 billion was paid out for purchases of property, plant, equipment and investment property; and proceeds of ¥49.6 billion were provided from sales of property, plant, equipment and investment property. As a result, net cash outflows were ¥356.9 billion. Major components of cash outflow were following:

  - Oil and gas producing operations other than U.S. shale gas and oil for a total of ¥111.2 billion (Energy);
  - Marcellus and Eagle Ford shale gas and oil producing operations in the United States for ¥91.2 billion (Energy);
  - Iron ore mining operations in Australia for ¥80.3 billion (Mineral & Metal Resources);
  - Coal mining operations in Australia for ¥15.7 billion (Mineral & Metal Resources);
  - Tank terminals in the United States for ¥11.5 billion (Americas);
  - Rolling stock for leasing for ¥10.5 billion (Machinery & Infrastructure); and
  - Methanol manufacturing joint venture in the United States for ¥10.1 billion (Chemicals.)

The major cash inflows included sales of rolling stock for leasing for ¥18.3 billion.

- A ¥98.3 billion cash outflow for acquisitions of subsidiaries comprised of an acquisition of a 25% interest in an onshore oil field in Italy (Energy). Meanwhile, a ¥8.6 billion cash inflow for sales of subsidiaries comprised of the sale of Mitsui Oil Co., Ltd. (Energy).

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the year ended March 31, 2014 was a net outflow of ¥210.6 billion.

The following table shows net cash provided by (used in) investing activities by operating segment.

	Billions of Yen	
	As of March 31,	
	2014	**2013**
Iron & Steel Products	¥ (33.5)	¥ (0.2)
Mineral & Metal Resources	(187.7)	(373.5)
Machinery & Infrastructure	(128.9)	(64.8)
Chemicals	(18.3)	(18.7)
Energy	(300.0)	(262.1)
Lifestyle	(19.3)	(22.9)
Innovation & Corporate Development	28.1	9.4
Americas	(6.3)	(14.9)
Europe, the Middle East and Africa	17.2	(1.1)
Asia Pacific	(11.0)	0.3
Total	**(659.7)**	**(748.5)**
All Other and Adjustments and Eliminations	(0.1)	(6.0)
Consolidated Total	**¥ (659.8)**	**¥ (754.5)**

Cash Flows from Financing Activities

For the year ended March 31, 2014, net cash used in financing activities was ¥13.2 billion, an increase in net outflow of ¥249.5 billion from ¥236.3 billion for the corresponding previous year. The net cash inflow from the borrowing of long-term debt was ¥209.0 billion, while the net cash outflow from the borrowing of short term debt was ¥85.1 billion. Meanwhile, the cash outflow for payments of cash dividends was ¥84.0 billion and the net cash outflow from the purchases of treasury stock was ¥50.2 billion.

See “2) Funding Sources” for funding during the year ended March 31, 2014.

(5) Critical Accounting Policies and Estimates

Accounting policies and estimates are considered to be critical if they are important to our financial condition and results of operations and involve estimates that require management’s subjective or significant judgment about the effect of matters that are inherently uncertain.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The following items require significant management judgments and estimates.

Impairment of Non-financial Assets and Investments in Equity Accounted Investee

Impairment losses of tangible fixed assets and intangible assets other than goodwill and intangible assets with infinite estimated useful lives, for the years ended March 31, 2014 and 2013, were ¥60.0 billion and ¥33.7 billion, respectively. The carrying amounts of these assets, net of accumulated depreciation and amortization, as of March 31, 2014 and 2013, were ¥2,212.2 billion and ¥1,946.5 billion, respectively.

Impairment losses of investments in equity accounted investees for the years ended March 31, 2014 and 2013, were ¥8.8 billion and ¥4.6 billion, respectively. The carrying amounts of investments in equity accounted investees as of March 31, 2014 and 2013, were ¥48.0 billion and ¥15.2 billion, respectively.

Impairment losses of non-financial assets and investments in equity accounted investees may have a material impact on our profit for the year.
These losses were mainly due to the declining profitability resulting from deterioration of business environment and the reorganization of business structure of our consolidated subsidiaries and the fall in the market value of investments in equity accounted investees.

Non-financial assets and investments in equity accounted investees are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the non-financial assets or asset groups and the investment are estimated. Where the carrying amount exceeds its recoverable amount, the difference is recognized as impairment loss.
The recoverable amount is the higher of fair value less costs of disposal and value in use.
Fair value is assessed as the price in an orderly transaction between market participants, such as the market price of marketable investments in equity accounted investees and the price on the appraisal report by the independent third party.
Cash flow projections used in calculations of value in use are based on the business plan authorized by our management or, if this is not available, on the operating plan reflecting the most recent condition of the non-financial asset. In these plans, for example, we assume:

- that the level of most recent selling prices and rents of real estate in the surrounding areas will remain unchanged for a reasonable period in the future;

- that the estimate of the sales prices of the products from facilities and equipment for the certain future period is based on the average price of the equivalent length of period in the past or on the analysts' reports;

- that for the development equipment and mining rights involved in resource businesses such as coal and oil, the most updated reserve will be produced in accordance with a production plan by using the non-financial assets, and that such materials to be produced will be sold on the assumption of prices based on futures prices as of the time of the review for impairment, prices estimated by third parties, or sales prices under long-term sales contracts; and

- that the estimate of the revenues from an operation derived from customer relationship for the certain future period is based on the degree of contribution to revenues in the past, on the past ratio of cancellation of contracts, and on analysts' market forecasts.

A profit margin which is deemed to be the market average and the risks inherent in the cash-generating unit is used as discount rate to calculate value in use.

Factors to be considered when estimating future cash flows and determining discount rates vary for each non-financial asset because of the difference in nature of the assets and in operating circumstances, such as location, owner, operator, profitability and other factors.

An assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in consolidated statements of income only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized.

Impairment of Goodwill

Impairment losses on goodwill for the year ended March 31, 2014 were ¥4.3 billion. On the other hand, there were no impairment losses on goodwill for the year ended March 31, 2013. The carrying amounts as of March 31, 2014, 2013 and the date of transition to IFRS, were ¥ 71.6 billion, ¥47.1 billion and ¥35.2 billion, respectively.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit may be impaired.

Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the recoverable amount. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss. The recoverable amount is estimated by the same method as impairment testing of non-financial assets.

Non-marketable equity financial assets measured at fair value

Non-marketable equity securities measured at fair value are generally elected to be designated as FVTOCI. The carrying amount of non-marketable securities which are the fair value as of the year ended March 31, 2014, 2013 and the date of transition to IFRS were ¥990.6 billion, ¥894.1 billion and ¥800.4 billion, respectively.
The company performs internal valuation analyses using discount cash flow method or by utilizing external valuation performed by independent external experts when management believes the amounts are material. Similar to impairment of non-financial assets and investments in equity accounted investee, cash flow projections used in the fair value calculations are based on business plans authorized by investee's management. Estimates and assumptions for fair value calculations could significantly impact other comprehensive income.

Tax Asset Valuation

Decrease in deferred tax assets due to the changes in assessment for recoverability has had a significant impact on our profit for the year. The deferred tax assets as of March 31, 2014, 2013 and the date of transition to IFRS, are ¥214.5 billion, ¥193.9 billion and ¥155.9 billion, respectively.

We determine the recoverability of deferred tax assets based on all available evidence, both positive and negative, including all currently available information regarding tax deductibility on future years and ability to generate sufficient taxable income at Mitsui and subsidiaries prior to the expiration of the loss carryforward pursuant to the relevant tax laws and regulations. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable. However, the amount of recoverable deferred tax assets may change in the near term if estimates of future taxable income during the carryforward period are changed or if statutory tax rates are changed. Some of the examples we factored in to assess the recoverability of deferred tax assets were as follows;

- On the occurrence of future deductible temporary difference, we establish a deferred tax asset; and, at the same time we evaluate when those deferred tax assets will be realized in future. Particularly, when we establish a deferred tax asset in relation to a write-down loss of securities or impairment loss on long-lived assets which are not subject to depreciation for tax purposes and we have no specific schedule of sale or disposal of those assets, we decrease the deferred tax asset because we view the deferred tax amount as not recoverable.

- We evaluate recoverability of deferred tax assets on the future deductible temporary difference and tax loss carryforwards at subsidiaries and associated companies. If those subsidiaries and associated companies recorded a significant amount of tax loss carryforwards in recent years and are expected to record a significant tax loss in the current fiscal year as well, we judge the recoverability of deferred tax assets considering the probability of the generation of future taxable income due to the nature of the taxable entities' operation and the expiration dates of operating loss in the countries in which they operate, etc.

- Mitsui and its wholly owned domestic subsidiaries started to file a consolidated corporate income tax return to the National Tax Agency as a consolidated group in the year ended March 31, 2010. We separately evaluate recoverability of national income tax portion of deferred tax assets based on the estimate of our consolidated tax group's future taxable income coupled with feasible tax planning strategies, and determined to decrease deferred tax assets which we judged could not utilized. Since the consolidated tax return system is not applicable to local income taxes, we evaluate their recoverability of deferred tax assets based on future taxable income of each company, and determined to decrease deferred tax assets which we judged could not utilized.

- In March 2012, the Australian Mineral Resource Rent Tax Act (hereinafter, MRRT) and Expansion of the Petroleum Resource Rent Tax (hereinafter, PRRT) were enacted. Under the MRRT and PRRT, companies are allowed electing to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use market value approach can obtain deduction for the amortization of the market value of the project. As we apply the market value approach, we recorded deferred tax assets for the operating assets subject to MRRT and PRRT based on the difference between book values for accounting purpose and those for tax purpose (the market value as of May 1, 2010) except for the portion that is deemed not to be recoverable in consideration of assumptions regarding commodity prices and the augmentation which will be incurred on tax loss carryforwards in the MRRT and PRRT.

Reserve estimates for oil and gas producing and mining activities

Reserves are estimates of the amount of product that can be economically and legally extracted from interests in our properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including the following:

- Asset carrying values may be impaired due to changes in estimated future cash flows.

- Depreciation and amortization charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Pension benefit costs and obligations

Employee pension benefit costs and obligations are dependent on various assumptions, including discount, retirement, and mortality rates, which are based on current statistical data, and other factors. In accordance with IFRS, the difference between actual results and the assumptions is recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition, and, therefore, generally affects comprehensive income and retained earnings. Management believes that the assumptions used are appropriate; however, differences in actual experience or changes in assumptions may affect our future pension costs and obligations.

We determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds or long-term Japanese government bonds. The discount rates determined on each measurement date are used to calculate the benefit obligation as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

See Note 18, “EMPLOYEE BENEFITS,” for further discussion about the estimates and assumptions on the obligations and net periodic pension costs.

3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2014 see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 6, “SEGMENT INFORMATION.” Among our major property and equipment expenditures, we are making focused efforts towards new development and investment for expansion in property and equipment for production in mineral resources and energy resources. The table below shows major mineral resources and energy production operations that were completed by the year ended March 31, 2014, as well as those which are being newly constructed or expanded at present.

Operating segment	Mineral & Metal Resources		
Commodity	Iron ore		
Company name	Mitsui Iron Ore Development Pty. Ltd.		
Project (or name of joint venture)	Robe River Joint Venture		
Country/Region	Australia/Western Australia		
Participating operators	Rio Tinto, etc.		
Ratio of Mitsui’s capital investment contribution	33%		
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Investment decided in December 2010. Iron ore export capacity at Cape Lambert, a shipping port for iron ore, expanded from 86 million tons to 139 million tons per annum in October 2013. This was a partial change to the original plan of expanding yearly port capacity to 180 million tons by the end of 2012, for which the preliminary investment was decided in 2008.	Investment decided in September 2012. Iron ore export capacity at Cape Lambert, a shipping port for iron ore, will be expanded from its nameplate capacity of 139 million tons, to be reached after the expansion project currently underway, to 209 million tons per annum by the first half of 2015.	Investment decided in February 2014 for development of Deposit B in West Angelas mine and expansion of its production capacity. The Deposit B is expected to start production in January 2015. Upon completion, total production capacity at West Angelas, from the Deposit B together with existing deposits, will be expanded from the current 29 million tons to 35 million tons per annum.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	3.78 billion Australian dollars (1.25 billion Australian dollars)	4.4 billion Australian dollars (1.5 billion Australian dollars)	0.64 billion Australian dollars (0.21 billion Australian dollars)

Operating segment	Mineral & Metal Resources
Commodity	Iron ore
Company name	Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd.
Project (or name of joint venture)	Joint venture of each of Mt. Newman, Yandi, Goldsworthy
Country/Region	Australia/Western Australia
Participating operators	BHP Billiton, etc.
Ratio of Mitsui’s capital investment contribution	7%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	In addition to expansion work at sites such as the Yandi mine, for which the investment was decided in 2008, funding for the following was decided in March 2011: the installation of port blending facilities, and the development of the Jimblebar mine to increase installed capacity to in excess of 220 million tons per annum.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	8.0 billion U.S. dollars (0.37 billion U.S. dollars) This does not include 5.6 billion U.S. dollars (0.4 billion U.S. dollars) for expansion work for the Yandi mine, for which the allocation of investment was decided in 2008, and acquiring cost of 7% interest and development cost for Jimblebar mine.

Operating segment	Mineral & Metal Resources
Commodity	Coal
Company name	Mitsui Coal Holdings Pty. Ltd.
Project (or name of joint venture)	Kestrel Joint Venture
Country/Region	Australia/Queensland
Participating operators	Rio Tinto
Ratio of Mitsui's capital investment contribution	20%
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Development of mining area adjacent to existing mining area decided in January 2008. Construction of the Project started in 2008 upon obtaining the government's approvals. The operation commenced in July 2013. The average production over the remaining 20 year operating period is estimated to expand to approximately 5.7 million tons per annum from approximately 4 million tons.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	1.44 billion Australian dollars (0.29 billion Australian dollars) Due to an increase in the development cost, an additional investment has been decided in 2011. Total budget including the additional investment is 2.07 billion Australian dollars (0.42 billion Australian dollars.)

Operating segment	Energy	
Commodity	Shale gas	Shale oil/gas
Company name	Mitsui E&P USA LLC	Mitsui E&P Texas LP
Project (or name of joint venture)	Marcellus Shale	Eagle Ford Shale
Country/Region	United States/Pennsylvania	United States/Texas
Participating operators	Anadarko Petroleum Corporation, etc.	Anadarko Petroleum Corporation, SM Energy Company, etc.
Net acreage	100,000 acres (Mitsui: 60% / Mitsui Oil Exploration Co., Ltd.: 40%)	47,000 acres (Mitsui: 60% / Mitsui Oil Exploration Co., Ltd.: 40%)
Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.	Participated in the development and production of Anadarko Petroleum's Marcellus Shale gas project in 2010. The partners of this project will be drilling a few thousand wells during a span of more than ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P USA's share) will be between 360 MMcfd and 460 MMcfd (equivalent to crude oil approximately 60-77 thousand barrels per day).	Participated in the development and production of SM Energy Company's Eagle Ford Shale oil/gas project in 2011. Additional Investment decided in November 2012 to increase the total production by increasing the number of wells and expansion of the gathering and processing facilities. Additional accelerated expansion investment decided in September 2013 to increase the total production. The partners of this project will be drilling a few thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P Texas's share) will be approximately 26-32 thousand barrels per day.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	(Between 3.0 and 4.0 billion U.S. dollars)	(2.2 billion U.S. dollars including the additional investment)

(*) This is the amount estimated at the time of decision of the capital expenditure, and the actual amount of expenditure may exceed the above amounts in the process of development construction.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

Operating Segment	Office Name	Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Other	Head Office	Office building	Chiyoda-ku, Tokyo	3,653	12,715	16,567	2,916	—	6	Partially leased to Sumitomo Mitsui Banking Corporation, Marunouchi Heat Supply Co., Ltd.
		Ohtemachi PAL Building	Chiyoda-ku, Tokyo	—	1,380	36,888	239	—	—	Leased to Sumitomo Mitsui Banking Corporation
	Kansai Office	Office building	Kita-ku, Osaka-shi	126	3,038	2,161	7,056	—	27	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi	59	1,525	548	1,164	—	2	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka	—	15,655	2,045	1,194	—	19	
		Global Human Resource Development Center	Tsuzuki-ku, Yokohama-shi, Kanagawa	—	15,000	2,417	1,061	—	170	

(2) Domestic Subsidiaries

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Iron & Steel Products	Mitsui & Co. Steel Ltd.	Kita Kanto Branch, MITSUI BUSSAN KOZAI HANBAI CO., LTD. and others	Ota-shi, Gunma and others	854	101,517	2,739	1,310	359	62	
Chemicals	DAIICHI TANKER CO., LTD.	Ships	Chuo-ku, Tokyo	90	—	—	2	12	8,138	
	Toyo Marine Co., Ltd.	Ships	Chiyoda-ku, Tokyo	—	—	—	—	1	5,132	
Energy	Mitsui Oil Exploration Co., Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	130	—	—	5,367	154,140	35,383	
Lifestyle	MITSUI FOODS CO., LTD.	Tokyo Branch / Shinkiba Logistic Center	Koto-ku, Tokyo	1,320	17,103	10,170	6,294	1,223	3,715	Including investment property
	PRIFOODS CO., LTD.	Hosoya Factory and others	Misawa-shi, Aomori and others	1,830	28,383	3,244	5,939	3,608	839	
	Mitsui Norin Co., Ltd.	Fujieda Plant and others	Fujieda-shi, Shizuoka and others	571	25,773	1,974	5,311	1,737	71	
	Bussan Logistics Solutions Co., Ltd.	CB Nagoya Center / Fukushima Sales Office and others	Nagoya-shi, Aichi and others	552	9,496	564	4,482	1,277	—	
	BUSSAN REAL ESTATE CO., LTD.	Hibiya Central Building	Minato-ku, Tokyo	136	—	—	17	34	77,543	Including investment property
Innovation & Corporate Development	Trinet Logistics Co., Ltd.	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	402	60,364	11,308	21,450	840	2,458	
	Mitsui Knowledge Industry Co., Ltd.	Higashi Nakano Office and others	Nakano-ku, Tokyo and others	1,794	3,374	1,550	1,813	1,771	2	

(Note) For those companies who own more than one type of equipment or facility, only the most notable one is presented.
For the number of employees and the carrying amount, total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company's head office is presented.

(3) Overseas Subsidiaries

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Mineral & Metal Resources	Mitsui Iron Ore Development Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	14	—	—	90,911	80,503	75,540	
	Mitsui-Itochu Iron Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	2	—	—	26,089	89,847	25,127	
	Mitsui Coal Holdings Pty. Ltd.	Mining equipment for coal	Emerald, Queensland, Australia and others	13	—	—	8,609	96,775	11,527	
Machinery & Infrastructure	Mitsui Rail Capital Holdings, Inc.	Rolling stock	Chicago, Illinois, U.S.A.	14	—	—	—	22,333	—	Including property leased to others
	Mitsui Rail Capital Europe B.V.	Rolling stock	Amsterdam, Netherlands	75	—	—	—	71,045	5,094	Including property leased to others
	ME Serviços de Energia do Brasil Participações Ltda.	Equipment for energy services	Sao Paulo, Brazil	180	—	—	—	11,456	1,311	
	Portek International Pte. Ltd.	Port terminal facility and others	Singapore and others	1,261	—	10	3,152	5,033	—	
	Komatsu-Mitsui Maquinarias Peru S.A.	Construction equipment	Lima, Peru	1,792	38,000	1,092	1,135	8,182	1,107	Including property leased to others
	M&T Aviation Finance (Ireland) Limited	Aircraft	Dublin, Ireland	—	—	—	—	—	12,641	Including property leased to others
	OMC SHIPPING PTE. LTD.	Ships	Singapore	11	—	—	19	22	52,555	Including property leased to others
	Road Machinery, LLC	Construction equipment	Phoenix, Arizona, U.S.A.	799	17,500	276	789	4,437	181	Including property leased to others
	Mitsui Automotriz S.A.	Automobiles	Lima, Peru	680	28,090	846	1,330	2,819	258	Including property leased to others
	CM Pacific Maritime Corporation	Ships	Liberia	—	—	—	—	—	8,294	Including property leased to others
Chemicals	Shark Bay Salt Pty. Ltd.	Salt manufacturing facility	Shark Bay, Western Australia, Australia and others	176	—	555	20,175	10,672	2,112	
	Mitsui & Co. Texas Chlor-Alkali, Inc.	Electrolysis apparatus	Houston, Texas, U.S.A.	—	—	—	—	—	45,106	
	MMTX INC.	Methanol production facility	Houston, Texas, U.S.A.	—	—	—	—	—	8,928	
Energy	Mitsui E&P Australia Pty Limited	Crude oil / gas manufacturing facility and others	Indian Ocean, Australia and others	19	—	—	—	35,673	12,484	
	Mitsui E&P Middle East B.V.	Crude oil / gas manufacturing facility and others	Oman and others	25	—	—	63	47,437	972	
	Mitsui E&P USA LLC	Gas manufacturing plant and others	Pennsylvania, U.S.A.	25	—	—	—	141,375	—	

Operating Segment	Company Name	Office Name and Type of Equipment and Facilities	Location	Number of Employees (Persons)	Land, Land Improvements and Timberlands		Buildings	Equipment and Fixtures	Other (Millions of Yen)	Use of Property
					Acreage (m^2)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)	Carrying Amount (Millions of Yen)		
Energy	Mitsui E&P Texas LP	Crude oil / gas manufacturing facility and others	Texas, U.S.A.	—	—	—	—	83,468	—	
	Mitsui E&P Mozambique Area 1 Limited	Crude oil / gas exploration facility and others	Northern offshore, Mozambique	3	—	—	—	27	29,278	
	Mitsui E&P UK Limited	Crude oil / gas manufacturing facility and others	British North Sea	6	—	—	3	10,893	29,457	
Lifestyle	Multigrain Trading AG	Grain silo and others	Bahia, Brazil and others	553	290,000	325	2,224	1,801	229	
	Xingu Agri AG	Tabuleiro farm	Bahia, Brazil	797	970,740 (thousand m^2)	35,384	2,579	3,498	24,566	Including investment property
Americas	Inter-continental Terminals Company LLC	Chemical tank terminal	Houston, Texas, U.S.A.	285	1,067,953	3,055	38,140	107	8,909	
	MBK Real Estate LLC	Senior living properties	Huntington Beach, California, U.S.A. and others	1,080	—	—	22,447	511	4,144	
	Novus International, Inc.	Feed additive manufacturing plant	Alvin, Texas, U.S.A. and others	770	—	626	2,502	7,749	776	
	United Grain Corporation	Grain exporting facility	Vancouver, Washington, U.S.A.	80	5,398,698	285	11,902	4,595	61	
Asia Pacific	MIT Power Australia Pty Ltd	Wind power generation facility	Melbourne, Australia	—	—	—	—	5	6,489	

(Note) For those companies who own more than one type of equipment or facility, only the most notable one is presented.
For the number of employees and the carrying amount, total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company's head office is presented.

3. Plans for New Additions or Disposals

As indicated in "1. Overview of Capital Expenditures," plans for new construction and expansion of material equipment and facilities are focused on new development and investment for expansion in property and equipment for production in mineral resources and energy resources.

4. Corporate Information

1. Status on the Mitsui's Shares

(1) Total Number of Shares and Other Related Information

1) Total Number of Shares

Class	Total number of shares authorized to be issued
Common stock	2,500,000,000
Total	2,500,000,000

2) Number of Shares Issued

Class	Number of shares outstanding (as of March 31, 2014)	Number of shares outstanding as of issuance date of this report (June 20, 2014)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,829,153,527	1,796,514,127	Securities Exchanges in Tokyo, Nagoya, (both listed on the first section), Sapporo, Fukuoka	The number of shares constituting a unit is 100.
Total	1,829,153,527	1,796,514,127	—	—

(2) Status of the Share Subscription Rights

Not applicable.

(3) Exercise Status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Right Plans

Not applicable.

(5) Trends in the Number of Shares Issued, Amount of Common Stock, and Others

Period	Changes in the number of shares issued (Thousands)	Balance of the number of shares issued (Thousands)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in additional paid-in capital (Millions of Yen)	Balance of additional paid-in capital (Millions of Yen)
From April 1, 2009 to March 31, 2010 (Note 1)	4,225	1,829,153	1,854	341,481	1,848	367,758
From April 1, 2010 to March 31, 2011	—	1,829,153	—	341,481	—	367,758
From April 1, 2011 to March 31, 2012	—	1,829,153	—	341,481	—	367,758
From April 1, 2012 to March 31, 2013	—	1,829,153	—	341,481	—	367,758
From April 1, 2013 to March 31, 2014	—	1,829,153	—	341,481	—	367,758

(Notes) 1. This is from the conversion of the sixth convertible unsecured bonds to shares, which came to maturity on September 30, 2009.
2. The number of shares issued was decreased by 32,639,400 dated April 18, 2014 due to cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on March 26, 2014.

(6) Status of Shareholders

As of March 31, 2014

Classification	Status of shares (1 unit = 100 shares)								Shares under one unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Foreign shareholders other than individuals	Individuals			
Number of shareholders (persons)	—	264	125	2,431	789	193	227,094	230,896	—
Number of shares held (units)	—	6,850,729	725,497	922,055	6,007,670	4,985	3,767,034	18,277,970	1,356,527
Ratio (%)	—	37.48	3.97	5.04	32.87	0.03	20.61	100	—

(Notes) 1. Of treasury stock of 36,370,596 shares, 363,705 units (36,370,500 shares) are included in "Individuals and other," and 96 shares are included in "Shares under one unit."
2. Of 1,715 shares registered in the name of Japan Securities Depositary Center, Inc., 17 units (1,700 shares) are included in "Other corporations," and 15 shares are included in "Shares under one unit."

(7) Status of Major Shareholders

As of March 31, 2014

Name of shareholders	Location	Number of shares held (Thousands)	Percentage of common stock issued (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	144,762	7.91
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	107,395	5.87
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	38,500	2.10
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	1.91
Barclays Securities Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo	25,000	1.36
Mitsui Sumitomo Insurance Company, Limited	3-9 Kandasurugadai, Chiyoda-ku, Tokyo	24,726	1.35
Japan Trustee Services Bank, Ltd. (trust account 1)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	21,618	1.18
THE BANK OF NEW YORK 133522 (Standing agent: Mizuho Bank, Ltd.)	RUE MONTOYERSTRAAT 46, 1000, BRUSSELS, BELGIUM (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	20,678	1.13
STATE STREET BANK WEST CLIENT - TREATY (Standing agent: Mizuho Bank, Ltd.)	1776, HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo)	20,514	1.12
The Dai-ichi Life Insurance Company, Limited (Standing agent: Trust & Custody Services Bank, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	20,444	1.11
Total		458,711	25.07

(Notes)
1. In addition to the shares listed above, the Company holds treasury stock of 36,370 thousand shares.
2. The number of shares is rounded down to the nearest thousand.
3. Percentage of common stock issued is rounded down to two decimal places.
4. The status of major shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume that were filed with the Director-General of the Kanto Local Finance Bureau in the past three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2014, which is the end of our fiscal year. Reports by large volume shareholders include portions held by joint holders.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	November 29, 2013	86,992,500	4.76
BlackRock Japan Co., Ltd.	March 31, 2014	113,908,731	6.23

In addition, a copy of a report on possession of large volume dated April 19, 2012 has been sent by Sumitomo Mitsui Trust Holdings, Inc.

Name of shareholders	Ownership as of	Number of shares owned	Holding ratio (%)
Sumitomo Mitsui Trust Holdings, Inc.	April 13, 2012	122,223,000	6.68

(8) Status of Voting Rights

1) Shares Issued

As of March 31, 2014

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury stock, etc.)	—	—	—
Shares with restricted voting rights (Others)	—	—	—
Shares with full voting rights (Treasury stock, etc.)	(Treasury stock) Common stock 36,370,500	—	—
	(Crossholding stock) Common stock 120,700	—	—
Shares with full voting rights (Others)	Common stock 1,791,305,800	17,913,058	—
Shares under one unit	Common stock 1,356,527	—	Shares under one unit (100 shares)
Total shares issued	1,829,153,527	—	—
Total voting rights held by all shareholders	—	17,913,058	—

(Notes) 1. In the column of "Shares with full voting rights (Others)," "1,791,305,800 shares in common stock" and "17,913,058 units of voting rights" include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depositary Center, Inc.

2. In the column "Shares under one unit," "1,356,527 shares in common stock" include 96 shares of treasury stock (under one unit) held by Mitsui, 50 shares of crossholding stock (under one unit) and 15 shares (under one unit) that are registered in the name of Japan Securities Depositary Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2014

Name of shareholders	Addresses of shareholders	Number of shares held under own name	Number of shares held under the name of others	Total	Percentage of interest (%)
Treasury stock:					
Mitsui & Co., Ltd.	2-1, Ohtemachi 1-chome, Chiyoda-ku	36,370,500	—	36,370,500	1.98
Crossholding stock:					
Nippon Formula Feed Manufacturing Co., Ltd.	9-13, Moriya-cho 3-chome, Kanagawa-ku, Yokohama-shi	120,700	—	120,700	0.00
Total		36,491,200	—	36,491,200	1.99

(9) Stock Option Plans

On June 20, 2014, the shareholders approved at the Company's Ordinary General Meeting of Shareholders, to grant the stock option scheme as stock-based compensation with stock price conditions, up to ¥500 million per annum, to the Company's Directors (excluding External Directors) to purchase up to 500,000 shares of the Company's common stock per annum. The exercise period of subscribtion rights to shares shall be 27 years from the day following the date on which 3 years have elapsed after the allotment date of subscription rights to shares, with payment due upon the exercise of the subscribtion right to shares being ¥1 per share.

2. Acquisition of Treasury Stock and Other Related Status

【Class of shares】 Acquisition of shares of common stock under Article 155, Item 3, of the Companies Act of Japan and acquisition of shares of common stock under Article 155, Item 7, of the Companies Act of Japan

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Details of resolution at meeting of Board of Directors (February 5, 2014) (Acquisition period: February 6, 2014 to March 24, 2014)	40,000,000	50,000,000,000
Treasury stock acquired before the current fiscal year	—	—
Treasury stock acquired during the current fiscal year	32,639,400	49,999,859,746
Number of shares and total amount of outstanding shares of resolution	7,360,600	140,254
Ratio of non-exercised portion at the end of the current fiscal year (%)	18.4	0.0
Treasury stock acquired during the current period for acquisition	—	—
Ratio of non-exercised portion as of issuance date of this report (%)	18.4	0.0

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the current fiscal year	18,403	25,738,878
Treasury stock acquired during the current period for acquisition (Note)	1,450	2,155,922

(Note) "Treasury stock acquired during the current period for acquisition" does not include shares constituting less than one full unit purchased during the period from June 1, 2014, to the issuance date of this report.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Current fiscal year		Current period for acquisition	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that was disposed of	—	—	32,639,400	49,999,377,886
Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation	—	—	—	—
Other (Sold due to demand for sale of shares constituting less than one full unit) (Note 1)	796	1,083,702	137	205,241
Number of shares of treasury stock held (Note 2)	36,370,596	—	3,732,509	—

(Notes) 1. Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit sold during the period from June 1, 2014, to the issuance date of this report.
2. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2014, to the issuance date of this report.

3. Shareholder Return Policy

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

Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, by a resolution of the Board of Directors, where September 30th of each year is set as the record date. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.

For the two-year period of the Medium-term Management Plan to March 2014, while we principally aim for a steady increase in dividends through improvements in corporate performance, we also considered more flexible compensation to the shareholders, provided that sufficient retained earnings for future business development is secured, and we set our minimum target dividend payout ratio at 25%.

It was resolved that the year-end dividend for the year ended March 31, 2014 was ¥34 per share. The annual dividend for the year ended March 31, 2014 was ¥59, including the interim dividend of ¥25 per share (*).

For the period of the new Medium-term Management Plan, we have raised our target dividend payout ratio to 30% of profit attributable to owners of the parent. Pursuant to our policy, for the year ending March 31, 2015, we currently envisage an annual dividend of ¥64 per share, a ¥5 increase from the year ended March 31, 2014, on the assumption that profit for the year attributable to owners of the parent will be ¥380 billion, as mentioned in our forecast profit attributable to owners of the parent for the year ending March 31, 2015. We will review our actual results and other business environment before finally deciding the amount to be paid out.

For the year ended March 31, 2014, we conducted a share buyback program of up to ¥50 billion in total, to improve our capital efficiency. For the period of the new Medium-term Management Plan, we will take measures accordingly in a prompt and flexible manner as needed, taking into consideration the business environment, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity.

Dividends for the year ended March 31, 2014 were as follows:
(a) The interim dividend which the Board of Directors resolved on November 5, 2013
Total dividend amount of ¥45,636 million; ¥25 per share
(b) The year-end dividend which Ordinary General Meeting of Shareholders resolved on June 20, 2014
Total dividend amount of ¥60,954 million; ¥34 per share

(*) Mitsui has adopted IFRS for this annual securities report. Therefore, the annual dividend for the year ended March 31, 2014 was calculated based on the net income attributable to Mitsui & Co., Ltd. under U.S. GAAP.

4. Trends in the Market Price of Mitsui's Shares

(1) Highest and Lowest Prices by Fiscal Year during the Past Five Years

Fiscal year	95th	94th	93rd	92nd	91st
Year-end	March 2014	March 2013	March 2012	March 2011	March 2010
Highest (Yen)	1,636	1,463	1,487	1,665	1,589
Lowest (Yen)	1,193	1,041	1,005	995	999

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

(2) Highest and Lowest Prices by Month during the Past Six Months

Month	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014
Highest (Yen)	1,447	1,423	1,473	1,498	1,585	1,636
Lowest (Yen)	1,363	1,343	1,338	1,381	1,307	1,399

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Corporate Auditors

Directors

Name ***Shoei Utsuda (1)***
Date of Birth February 12, 1943
Shareholdings as of March 31, 2014 (1,000 shares) 110

Prior Positions
- 1967/4 Joined Mitsui & Co., Ltd.
- 1997/6 Director, General Manager of Machinery & Information, Industries Administrative Division
- 2000/6 Representative Director; Executive Managing Director; General Manager of Corporate Planning Division
- 2002/4 Representative Director; Senior Executive Managing Officer; Chief Strategic Officer (Responsible for Administrative Division); Chief Operating Officer of Business Process Re-Engineering Project
- 2002/10 Representative Director, President and Chief Executive Officer
- 2009/4 Director; Chairman of the Board of Directors (current position)

Name ***Masami Iijima (1)***
Date of Birth September 23, 1950
Shareholdings as of March 31, 2014 (1,000 shares) 65

Prior Positions
- 1974/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit
- 2007/4 Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2008/4 Executive Managing Officer
- 2008/6 Representative Director, Executive Managing Officer
- 2008/10 Representative Director, Senior Executive Managing Officer
- 2009/4 Representative Director, President and Chief Executive Officer (current position)

Name ***Daisuke Saiga (1)***
Date of Birth March 16, 1955
Shareholdings as of March 31, 2014 (1,000 shares) 23

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Human Resources & General Affairs Division
- 2010/4 Executive Managing Officer, Chief Compliance Officer
- 2010/6 Representative Director, Executive Managing Officer, Chief Compliance Officer
- 2012/4 Representative Director, Senior Executive Managing Officer
- 2014/4 Representative Director, Executive Vice President (current position)

Name ***Joji Okada (1)***

Date of Birth October 10, 1951

Shareholdings as of March 31, 2014 (1,000 shares) 36

Prior Positions

- 1974/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Accounting Division
- 2009/4 Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2010/4 Executive Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2011/4 Executive Managing Officer, Chief Financial Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Financial Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Financial Officer
- 2014/4 Representative Director, Executive Vice President, Chief Financial Officer (current position)

Name ***Masayuki Kinoshita (1)***

Date of Birth April 11, 1954

Shareholdings as of March 31, 2014 (1,000 shares) 26

Prior Positions

- 1978/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2011/4 Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2014/4 Representative Director, Executive Vice President, Chief Information Officer, Chief Privacy Officer (current position)

Name ***Shintaro Ambe (1)***

Date of Birth August 31, 1952

Shareholdings as of March 31, 2014 (1,000 shares) 19

Prior Positions

- 1977/4 Joined Mitsui & Co., Ltd.
- 2009/4 Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2012/4 Executive Managing Officer
- 2012/6 Representative Director, Executive Managing Officer
- 2013/4 Representative Director, Senior Executive Managing Officer
- 2014/4 Representative Director, Executive Vice President (current position)

Name ***Koichi Tanaka (1)***
Date of Birth October 21, 1955
Shareholdings as of March 31, 2014 (1,000 shares) 24

Prior Positions
- 1980/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, General Manager, Segment Controller Division
- 2011/4 Managing Officer, Deputy Chief Financial Officer; General Manager, Segment Controller Division
- 2012/4 Executive Managing Officer, Chief Compliance Officer
- 2012/6 Representative Director, Executive Managing Officer, Chief Compliance Officer
- 2014/4 Representative Director, Senior Executive Managing Officer, Chief Compliance Officer (current position)

Name ***Hiroyuki Kato (1)***
Date of Birth April 28, 1956
Shareholdings as of March 31, 2014 (1,000 shares) 22

Prior Positions
- 1979/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, General Manager, Chief Operation Officer of Energy Business Unit 1
- 2012/4 Executive Managing Officer, General Manager, Chief Operation Officer of Energy Business Unit 1
- 2014/4 Senior Executive Managing Officer
- 2014/6 Representative Director, Senior Executive Managing Officer (current position)

Name ***Yoshihiro Hombo (1)***
Date of Birth March 19, 1957
Shareholdings as of March 31, 2014 (1,000 shares) 15

Prior Positions
- 1979/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, Chief Operating Officer of Basic Chemicals Business Unit
- 2012/4 Executive Managing Officer, General Manager of Investment Administration Division
- 2014/4 Senior Executive Managing Officer
- 2014/6 Representative Director, Senior Executive Managing Officer (current position)

Name ***Ikujiro Nonaka (1)***
Date of Birth May 10, 1935
Shareholdings as of March 31, 2014 (1,000 shares) 17

Prior Positions
- 1958/4 Joined Fuji Electric Co., Ltd.
- 1977/4 Professor, Management Faculty, Nanzan University
- 1979/1 Professor, National Defense Academy of Japan
- 1982/4 Professor, Institute of Business Research, Hitotsubashi University
- 1995/4 Professor, Graduate School of Knowledge Science, JAIST
- 1997/5 Xerox Distinguished Professor in Knowledge, Walter A. Haas School of Business, University of California, Berkeley (current position)
- 2000/4 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- 2006/4 Professor Emeritus, Hitotsubashi University (current position)
- 2007/1 First Distinguished Drucker Scholar in Residence, Drucker School of Claremont Graduate University (current position)
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
- 2012/4 Specially Appointed Professor, Waseda University (current position)

Name ***Hiroshi Hirabayashi (1)***

Date of Birth May 5, 1940

Shareholdings as of March 31, 2014 (1,000 shares) 11

Prior Positions

- 1963/4 Entered the Ministry of Foreign Affairs
- 1993/8 Director-General, Economic Cooperation Bureau, Ministry of Foreign Affairs
- 1998/1 Ambassador Extraordinary and Plenipotentiary to India and to Bhutan
- 2002/9 Ambassador Extraordinary and Plenipotentiary to France and to Andorra
- 2003/1 Ambassador Extraordinary and Plenipotentiary to Djibouti
- 2006/6 Ambassador in charge of Inspection, Ministry of Foreign Affairs
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
  President, The Japan-India Association (current position)
- 2009/6 Vice President, The Japan Forum on International Relations, Inc. (current position)

Name ***Toshiro Muto (1)***

Date of Birth July 2, 1943

Shareholdings as of March 31, 2014 (1,000 shares) 6

Prior Positions

- 1966/4 Entered the Ministry of Finance
- 1999/7 Director-General of the Budget Bureau, Ministry of Finance
- 2000/6 Administrative Vice Minister, Ministry of Finance
- 2003/1 Special Advisor, Ministry of Finance
- 2003/3 Deputy Governor, Bank of Japan
- 2008/7 Chairman, Daiwa Institute of Research Ltd. (current position)
- 2009/4 Director, Principal, The Kaisei Academy (current position)
- 2010/6 External Director, Mitsui & Co., Ltd. (current position)

Name ***Izumi Kobayashi (1)***

Date of Birth January 18, 1959

Shareholdings as of March 31, 2014 (1,000 shares) 0

Prior Positions

- 1981/4 Joined Mitsubishi Chemical Corporation (currently Mitsubishi Chemical Corporation)
- 1985/6 Joined Merrill Lynch Futures Japan Inc.
- 2001/12 President, Merril Lynch Japan Securities Co., Ltd.
- 2002/7 External Director, Osaka Securities Exchange Co., Ltd.
- 2007/4 Vice Chairperson, Japan Association of Corporate Executives
- 2008/11 Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
- 2014/6 External Director, Mitsui & Co., Ltd. (current position)

Corporate Auditors

Name ***Satoru Miura (1)***
Date of Birth March 2, 1947
Shareholdings as of March 31, 2014 (1,000 shares) 37

Prior Positions
- 1970/4 Joined Mitsui & Co., Ltd.
- 2001/6 Director; Chief Operating Officer of Iron & Steel Products Business Unit
- 2002/4 Director; Senior Managing Officer, Chief Operating Officer of Iron & Steel Products Unit, Metals Group
- 2004/4 Executive Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit
- 2005/4 Executive Managing Officer; General Manager, Nagoya Office
- 2007/4 Executive Managing Officer
- 2007/6 Full-time Corporate Auditor (current position)

Name ***Motonori Murakami (1)***
Date of Birth November 19, 1948
Shareholdings as of March 31, 2014 (1,000 shares) 34

Prior Positions
- 1971/7 Joined Mitsui & Co., Ltd.
- 2003/4 Managing Officer; General Manager, General Accounting Division
- 2006/4 Executive Managing Officer, Assistant to Senior Executive Managing Officer (Corporate Staff Division), Assistant to Chief Financial Officer
- 2007/6 Full-time Corporate Auditor (current position)

Name ***Kunihiro Matsuo (2)***
Date of Birth September 13, 1942
Shareholdings as of March 31, 2014 (1,000 shares) 10

Prior Positions
- 1968/4 Appointment as Public Prosecutor
- 1999/12 Vice Minister of Justice
- 2004/6 Attorney General
- 2006/9 Admission as Attorney at Law
- 2008/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name ***Hiroyasu Watanabe (3)***
Date of Birth April 11, 1945
Shareholdings as of March 31, 2014 (1,000 shares) 2

Prior Positions
- 1969/7 Entered the Ministry of Finance
- 1997/7 Director-General, Tokyo Taxation Bureau, National Tax Agency
- 1998/7 Director-General, Customs and Tariff Bureau, Ministry of Finance
- 2000/6 President, Policy Research Institute, Ministry of Finance
- 2002/7 Commissioner, National Tax Agency
- 2004/4 Professor, Graduate School of Finance, Accounting and Law, Waseda University (current position)
- 2009/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

Name ***Haruka Matsuyama (4)***
Date of Birth August 22, 1967

Shareholdings as of March 31, 2014 (1,000 shares) 0

Prior Positions	• 1995/4	Appointed assistant judge at Tokyo District Court
	• 2000/7	Registered as Attorney at Law
	• 2000/7	Joined Hibiya Park Law Offices
	• 2002/1	Partner of Hibiya Park Law Offices (current position)
	• 2014/6	External Corporate Auditor, Mitsui & Co., Ltd. (current position)

(1) Current term of office will expire at the close of the Ordinary General Meeting in June 2015.
(2) Current term of office will expire at the close of the Ordinary General Meeting in June 2016.
(3) Current term of office will expire at the close of the Ordinary General Meeting in June 2017.
(4) Current term of office will expire at the close of the Ordinary General Meeting in June 2018.
(5) Mr. Ikujiro Nonaka, Mr. Hiroshi Hirabayashi, Mr. Toshiro Muto, and Ms. Izumi Kobayashi are External Directors.
Mr. Kunihiro Matsuo, Mr. Hiroyasu Watanabe and Ms. Haruka Matsuyama are External Corporate Auditors.
Mr. Satoru Miura and Mr. Motonori Murakami are full-time Corporate Auditors.
(6) Ms. Matsuyama's name as it appears in her family registry is Haruka Kato.

Mitsui introduced the Managing Officer System in April 2002. Managing Officers as of June 20, 2014 are as follows.
(* Serves concurrently as Director)

Managing Officers

Name	Title and Principal Positions
Masami Iijima*	President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters
Daisuke Saiga*	Executive Vice President ; Iron & Steel Products Business Unit; Food Resources Business Unit; Food Products & Services Business Unit; Consumer Service Business Unit;Chairman, Portfolio Management Committee
Joji Okada*	Executive Vice President; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Business Supporting Unit (Financial Management & Advisory Division I, II, III)); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Masayuki Kinoshita*	Executive Vice President; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Information Technology Promotion Division, Environmental Social Contribution Division, Corporate Communications Division, Investment Administrative Division, Business Supporting Unit (Each Planning & Administrative Division)); Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee; Chairman, Business Innovation Committee
Shintaro Ambe*	Executive Vice President; Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit; Innovation & Corporate Development Business Unit; Chairman, Power & Energy Strategy Committee
Takashi Yamauchi	Executive Vice President; Chief Operating Officer, Asia Pacific Business Unit
Koichi Tanaka*	Senior Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Corporate Auditor Division, Human Resources & General Affairs Division, Legal Division, Trade & Logistics Control Division, Corporate Logistics Development Div.); Business Continuity Management; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Response Division
Atsushi Oi	Senior Executive Managing Officer; General Manager, Osaka Office
Motomu Takahashi	Senior Executive Managing Officer; Chief Operating Officer, Americas Business Unit
Hiroyuki Kato*	Senior Executive Managing Officer; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II
Yoshihiro Hombo*	Senior Executive Managing Officer; Basic Chemicals Business Unit; PerformanceChemicals Business Unit, Domestic Offices and Branches

Hironobu Ishikawa	Executive Managing Officer; Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit
Atsushi Kume	Executive Managing Officer; Chief Operating Officer, Innovation & Corporate Development Business Unit
Takeshi Kanamori	Executive Managing Officer; Chief Operating Officer, Infrastructure Projects Business Unit
Satoshi Tanaka	Executive Managing Officer; Chief Operating Officer, Consumer Service Business Unit
Makoto Suzuki	Executive Managing Officer; Chief Representative, Mitsui & Co., Ltd. in South West Asia; Managing Director, Mitsui & Co., India Pvt. Ltd.
Katsunori Aikyo	Executive Managing Officer; General Manager, Nagoya Office
Yasushi Takahashi	Executive Managing Officer; Chairman & Managing Director, Mitsui & Co. (Australia) Ltd.
Kazuo Nakayama	Executive Managing Officer; Chief Operating Officer, Food Resources Business Unit
Toru Suzuki	Managing Officer; General Director, Mitsui & Co. Vietnam Ltd.
Kaku Kato	Managing Officer; General Manager, Internal Auditing Division
Akira Nakaminato	Managing Officer; President & CEO, Mitsui Global Strategic Studies Institute
Yasushi Yoshikai	Managing Officer; Chief Operating Officer, Energy Business Unit II
Keigo Matsubara	Managing Officer; Deputy Chief Financial Officer; General Manager, Global Controller Division
Shinjiro Sawada	Managing Officer; Chief Representative, Mitsui & Co., Ltd. in China
Yasuyuki Fujitani	Managing Officer; Deputy Chief Operating Officer, EMEA (Europe, the Middle East and Africa) Business Unit; Chairman & Managing Director, Mitsui & Co., Middle East Ltd.
Yasuharu Fujiyoshi	Managing Officer; Chief Operating Officer, Food Products & Services Business Unit
Taku Morimoto	Managing Officer; Chief Operating Officer, Performance Chemicals Business Unit
Nobuaki Kitamori	Managing Officer; General Manager, Human Resources & General Affairs Division
Shinsuke Fujii	Managing Officer; President, Mitsui & Co. (Brasil) S.A.
Shingo Sato	Managing Officer; President, Mitsui & Co. (Thailand) Ltd.
Motoo Ono	Managing Officer; Deputy Chief Representative, Mitsui & Co., Ltd. in China; Managing Director, Mitsui & Co. (Shanghai) Ltd.
Yukio Takebe	Managing Officer; Chief Operating Officer, Mineral & Metal Resources Business Unit
Tatsuo Yasunaga	Managing Officer; Chief Operating Officer, Integrated Transportation Systems Business Unit
Noboru Katsu	Managing Officer; Chief Operating Officer, Iron & Steel Products Business Unit
Katsurao Yoshimori	Managing Officer; Chief Operating Officer, Basic Chemicals Business Unit
Osamu Toriumi	Managing Officer; General Manager, Legal Division
Takakazu Uchida	Managing Officer; General Manager, Finance Division
Hiromichi Yagi	Managing Officer; General Manager, Planning & Administrative Division, Machinery & Infrastructure Unit
Shinichiro Omachi	Managing Officer; General Manager, Investment Administrative Division
Hiroyuki Tsurugi	Managing Officer; Chief Operating Officer, Energy Bussiness Unit I
Hirotatsu Fujiwara	Managing Officer; General Manager, Planning & Administrative Division, Energy Unit
Kenichi Hori	Managing Officer, General Manager, Corporate Planning & Strategy Division

6. Corporate Governance

(1) Corporate Governance

1) Basic Corporate Governance Policy

In structuring the corporate governance framework, Mitsui places emphasis on “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” For the “improved transparency and accountability,” Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Corporate Auditors. Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For “clarification of the division of roles between management oversight and execution,” Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers’ business activities. Chief Operating Officers of 12 business units within headquarters and three regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.
While increasing the effectiveness of supervisory function by having Corporate Auditors, Mitsui implements corporate governance by maintaining a board of corporate auditors system because it believes that having internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Corporate Auditors participate, Mitsui achieves highly effective corporate governance to secure “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures.

i) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number that permits substantial discussions. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Corporate Auditors participate as members.

ii) The Corporate Auditors supervise the Directors’ execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Corporate Auditors carry out multi-faceted, effective audit activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

2) Corporate Governance Structure of Mitsui

i) Status of the Board of Directors

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11. In June 2003, the first External Director was appointed and since the Ordinary General Meeting of Shareholders held in June 2007, four External Directors have been appointed each year. The Chairman is a director without representative power, and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. As of the date of the issuance of this report, 13 Directors (including 1 female External Director) are appointed; eight of whom also serve as Managing Officers.
  Mitsui has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in case of increasing the number of board members in order to enhance the division of roles between management oversight and execution. The tenure of Directors is one year, and Directors can be reappointed.

  In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.

- Regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2014, 16 meetings were held.

- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors (the compositions of members are as of the date of issuance of this report).

- Governance Committee

Composition:	Chairman of the Board of Directors (the committee chair), President and Chief Executive Officer, two External Directors, three Internal Directors, one External Corporate Auditor
Role:	To study the state and future vision of Mitsui's corporate governance with the viewpoints of External Directors and External Corporate Auditor

- Nomination Committee

Composition:	President and Chief Executive Officer (the committee chair), two External Directors, two Internal Directors
Role:	To discuss the selection standards and processes to be applied in nominating Directors and Managing Officers as well as to evaluate the proposal of Director nomination

- Remuneration Committee

Composition:	External Director (the committee chair), President and Chief Executive Officer, two Internal Directors
Role:	To study the system and decision-making process related to remuneration and bonuses for Directors and Managing Officers as well as to evaluate the remuneration proposals for the Directors

ii) Status of auditing by the Corporate Auditors, Internal Auditors and Independent Auditors

(a) Auditing by the Corporate Auditors

- As of the issuance of this report, there are five Corporate Auditors, including two Full-time Corporate Auditors and three External Corporate Auditors,including one female External Corporate Auditor. A meeting of the Corporate Auditors is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2014, 20 meetings were held. Corporate Auditors attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions.

- The Guidelines of auditing by Corporate Auditors define responsibility of Corporate Auditors, the frame of mind necessary for auditors, the framework of audits, audit standards, and codes of conduct. Pursuant to laws and regulations, the Articles of Incorporation and the provision of the rules of the Board of Corporate Auditors, the Board of Corporate Auditors receives reports, deliberates and/or makes resolutions as to important matters in auditing.

- Each Corporate Auditor has a duty to audit the following issues: In the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of construction and operation of the internal control systems. In the area of financial audit, the independence of the Independent Auditors, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditors, and the system of disclosure.

- The Board of Corporate Auditors establishes audit policies and makes audit plans taking into consideration materiality, timeliness and other necessary elements. To conduct effective and efficient audits, the Board of Corporate Auditors coordinates closely with the Independent Auditors and Internal Auditing Division.

- Full-time Corporate Auditors attend important internal meetings and committees, including the Corporate Management Committee. All Corporate Auditors have discussions with the Chairman and the President and Chief Executive Officer, respectively, on a periodic basis. Full-time Corporate Auditors receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units and general managers in Corporate Staff Units.

- In accordance with the auditing plan established at the start of the year, the Corporate Auditors conduct auditing on the management status of Mitsui's subsidiaries through visits to domestic and overseas branch offices and major subsidiaries as well as through cooperation with corporate auditors at subsidiaries.

- The Board of Corporate Auditors has designated Motonori Murakami and Hiroyasu Watanabe as Corporate Auditors who have considerable expertise in finance and accounting.

  Mr. Motonori Murakami joined Mitsui in 1971. Before being elected as one of our Corporate Auditors in 2007, he had worked in the field of accounting and was appointed as General Manager of the General Accounting Division in 2000 and in 2006, was appointed as Executive Managing Officer, Assistant to Senior Executive Managing Officer in charge of Corporate Staff Division and Assistant to Chief Financial Officer.

  Mr. Hiroyasu Watanabe had been working for the Ministry of Finance and National Tax Agency, and his final position in such field was Commissioner of the National Tax Agency. He is currently working as Professor at Waseda University, Graduate School of Finance, Accounting and Law.

- We set up the Corporate Auditor Division to assist in the performance of the duties of the Corporate Auditors, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

(b) Internal auditing

- Based on the order or approval of the President and Chief Executive Officer, for the purpose of contributing to the effective achievement of management goals, the Internal Auditing Division evaluates how internal control is maintained and exercised with emphasis on the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, as well as safeguarding of company assets. The adequacy and effectiveness of each process in risk management, control (any action taken by the management toward the achievement of the established goals) and governance (processes and structures implemented by the management to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives) within each organizational unit shall also be evaluated, and suggestions and proposals shall be made for their improvement.

- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division as of March 31, 2014, is as follows: of a total of 82 people, which include one General Manager, 31 internal auditors, 29 members in charge of audits, and 21 staff members, 69 people are stationed in the Internal Auditing Division in the Head Office, 8 people are stationed in the Internal Auditing Offices overseas, and 5 people are stationed in the Internal Auditing Department within Business Supporting Units.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or environmental management systems, and extraordinary examinations to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes as well as to prevent recurrence. The Internal Auditing Division as an independent department compiles and checks the assessment of the entity-wide internal control regarding the credibility of financial reports, pursuant to the Financial Instruments and Exchange Act of Japan. The final results are reported to the below-mentioned J-SOX Committee.

- For each fiscal year, internal auditing policy and the internal auditing plan goes through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

(c) Auditing of financial statements

- For the year ended March 31, 2014, the certified public accountants executing audits on our financial statements are the following five people, who all belong to Deloitte Touche Tohmatsu LLC: Koji Inagaki, Yoshio Sato, Nobuaki Fuse, Hidehito Goda, and Michiyuki Yamamoto. The number of assistants involved in auditing work is 108 people as of March 31, 2014, and this number is comprised of 38 certified public accountants, 24 members of the Japanese Institute of Junior Accountants, and 46 others.

- In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries are in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's Independent Auditors implement auditing under Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.

(d) Coordination between auditing by Corporate Auditors, auditing by Internal Auditing Division and auditing by Independent Auditors

- At the end of the fiscal year, the Independent Auditors report to the Board of Corporate Auditors the audit procedures and results of audits on accounting and internal controls, and exchange opinions on these. During a fiscal year, the Corporate Auditors hold monthly meetings with the Independent Auditors, receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. In the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.

- In addition to the exchange of information with the Internal Auditing Division for implementing efficient audits, Full-time Corporate Auditors in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Board of Corporate Auditors. The Corporate Auditors, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.

(e) Coordination between supervision by the External Directors or auditing by External Corporate Auditors and the internal audits, auditing by Corporate Auditors and Independent Auditors, and relationship with divisions involved in internal control

-The External Directors and External Corporate Auditors, through the Board of Directors and the Board of Corporate Auditors, mutually coordinate with internal audits, auditing by Corporate Auditors and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Board of Corporate Auditors respectively: results of the internal audits and internal audit plans, results of auditing by the Board of Corporate Auditors and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regard to internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls.

iii) Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters for execution of group-wide business operations. The Committee consists of the President and Chief Executive Officer (the committee chair), the Directors in charge of

Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle.

- As mentioned above, the Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui. With the delisting from NASDAQ in April 2011 and the termination of SEC registration in July 2011, Mitsui implements the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its internal control system by positioning the internal control as the structure by which the management controls the executive body, aiming for: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and (4) "The safeguarding of company assets;" and consists of: "control environment," "risk assessment," "control activities," "information and communication," "monitoring," and "response to IT." These objectives and components are as stated in the basic framework designated in "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting," issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

- Internal Controls Committee
  Chaired by the President and Chief Executive Officer, as an organization under the Corporate Management Committee, the Internal Controls Committee establishes basic policy related to the internal control system while developing, maintaining, and improving the effectiveness of the integrated management system.

- Compliance Committee
  As an organization under the Internal Controls Committee, this committee, with an attorney at law from outside Mitsui participating as an observer, develops, maintains, and improves the effectiveness of the compliance structure.

- Disclosure Committee
  As an organization under the Internal Controls Committee, this committee develops principles and basic policy for statutory disclosure and timely disclosure as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed.

- J-SOX Committee
  As an organization under the Internal Controls Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the reliability of our consolidated financial reporting. During the year ended March 31, 2012, due to the termination of the registration with SEC, the SOA Sec. 404 Committee was renamed as the J-SOX Committee.

- Portfolio Management Committee
  As an advisory body to the Corporate Management Committee, this committee establishes corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals.

- Information Strategy Committee
  As an organization under the Corporate Management Committee, this committee plans company-wide information strategy and determines and monitors essential policies concerning establishment of management platform and promotion of structure of information strategy.

- CSR Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee provides advice to the management with regard to "Corporate Social Responsibility" (CSR), raises awareness among the employees and sends out messages with respect to CSR-oriented management.

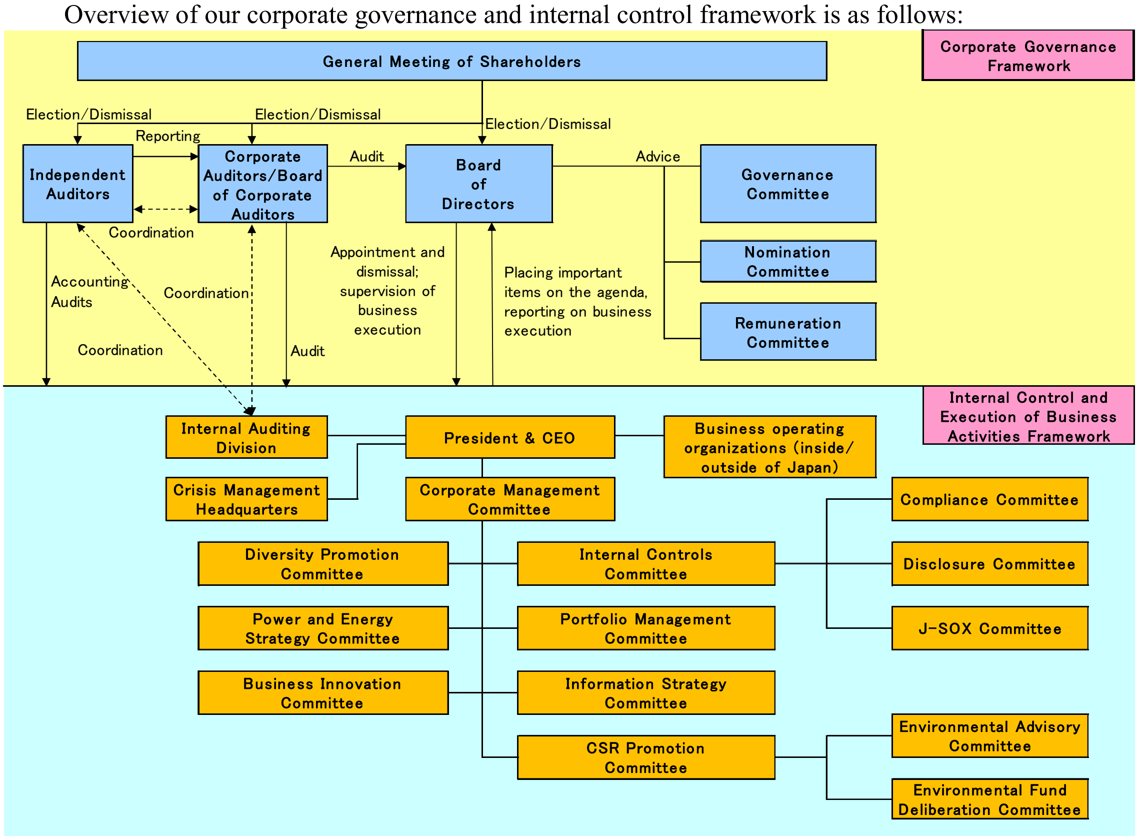
- Diversity Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan.

- Power and Energy Strategy Committee
  As an advisory body to the Corporate Management Committee, this committee analyzes the external business environment, monitors and evaluates our current activities, specifies our priorities and focuses, and recommends relevant measures in power and energy business.

- Crisis Management Headquarters
  As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves as head of this Headquarters.

- Business Innovation Committee
  As an organization under the Corporate Management Committee, this committee monitors and analyzes new technology trends and potential business innovations, specifies our priorities and focuses, and provides advice to the management, as well as examines specific measures to support business units in implementing potential new businesses, aiming for the next generation.

Overview of our corporate governance and internal control framework is as follows:



3) The Relationship with External Directors and External Corporate Auditors and Their Activities

i) Relationship with External Directors and reasons for their appointments; policy regarding their independence

- The prospective person’s extensive business experience and knowledge is required to deliberate on such board meeting proposals as investments and loans, and knowledge of his or her particular area of business should be used.

- Mitsui puts great value on ensuring independence of the External Directors from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

- Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle likely conflicts of interest involving the prospective External Director in individual transactions with external parties.

The four External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 20, 2014, their relationships with Mitsui, and the reasons for their appointment are as follows. Mitsui has entered into agreements with these External Directors respectively limiting their liability as External Directors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Ikujiro Nonaka (Since June 2007)	There is no personal, capital, business or other relationship between Mr. Nonaka and Mitsui, therefore, Mr. Nonaka is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Nonaka is appointed as an External Director so that the management may benefit from his deep insight and supervisory capabilities related to management acquired over the years as an expert in international corporate strategy, as well as for his independent oversight.
Hiroshi Hirabayashi (Since June 2007)	Mr. Hirabayashi is President of the Japan-India Association. Mitsui, as a member of the Association, made a payment of the membership fee during the year ended March 31, 2014. However, since the amount is small and would not affect the independence of Mr. Hirabayashi. Mr. Hirabayashi’s eldest daughter works as an employee of Mitsui. However, since she is a non-managerial employee, and would not affect the independence of Mr. Hirabayashi, Mr. Hirabayashi is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Hirabayashi is appointed as an External Director so that the management may benefit from his wealth of international experience and knowledge gained over the years as a diplomat, as well as for his independent oversight.
Toshiro Muto (Since June 2010)	There is no personal, capital, business or other relationship between Mr. Muto and Mitsui, therefore, Mr. Muto is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Muto is appointed as an External Director so that the management may benefit from his deep insight into fiscal and monetary affairs, as well as in economics in general, gained over the years at the Ministry of Finance and the Bank of Japan, as well as for his independent oversight.
Izumi Kobayashi (Since June 2014)	Ms. Kobayashi served as Deputy Chairman at the Japan Association of Corporate Executives from May 2007 to April 2009. Mitsui, as a member of the Association, made a payment of the membership fee and a financial contribution during the year ended March 31, 2014. However, since the amount is small and would not affect the independence of Ms. Kobayashi and Ms. Kobayashi is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Kobayashi is appointed as an External Director so that the management may benefit from her wide-ranging knowledge and experience accumulated over many years both in Japan and overseas as a representative of private sector financial institutions and a multilateral development bank, as well as for her independent oversight.

(*) As of the time of issuance of this report, concurrent positions (external director/corporate auditor) in other organizations held by External Directors are mainly as follows.

Name	Concurrent positions in other organizations held by External Directors	
Ikujiro Nonaka	Trend Micro Incorporated	External Director
Hiroshi Hirabayashi	DAIICHI SANKYO COMPANY, LIMITED	External Director
Toshiro Muto	Nippon Steel & Sumitomo Metal Corporation	External Corporate Auditor
Izumi Kobayashi	ANA Holdings Inc. Suntory Holdings Limited	External Director External Director

ii) Activities of External Directors in the year ended March 31, 2014

The activities of External Directors in the year ended March 31, 2014 are as follows.

Name	Major activities
Nobuko Matsubara	Ms. Matsubara participated in all 16 of the Board of Directors meetings held during the year ended March 31, 2014, and offered advice mainly from the perspective of her knowledge and experience in labor issues gained within the public sectors. Ms. Matsubara was also a member of the Governance Committee, an advisory committee to the Board of Directors.
Ikujiro Nonaka	Mr. Nonaka participated in 15 of the 16 Board of Directors meetings held during the year ended March 31, 2014, and offered advice mainly from the perspective of his deep insight related to management acquired as an expert in international corporate strategy. Mr. Nonaka was also a member of the Governance Committee and the Nomination Committee, both advisory committees to the Board of Directors.
Hiroshi Hirabayashi	Mr. Hirabayashi participated in 14 of the 16 Board of Directors meetings held during the year ended March 31, 2014, and offered advice mainly from the perspective of his wealth of international experience and knowledge gained as a foreign diplomat for Japan. Mr. Hirabayashi was also a member of the Nomination Committee, an advisory committee to the Board of Directors.
Toshiro Muto	Mr. Muto participated in all 16 of the Board of Directors meetings held during the year ended March 31, 2014, and offered advice mainly from the perspective of his deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan. Mr. Muto was also Chairman of the Remuneration Committee, an advisory committee to the Board of Directors.

Ms. Matsubara retired at the conclusion of the 95th Ordinary General Meeting of Shareholders held on June 20, 2014.

iii) Relationship with External Corporate Auditors and reasons for their appointments; policy regarding their independence

The External Corporate Auditors shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and in particular it is expected that the External Corporate Auditors will give objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence and ability to influence people. When selecting candidates for External Corporate Auditors, the Board of Corporate Auditors shall confirm that no issues with independence arise by taking into consideration such factors as relations with the company, management and important staff members.
As to the three External Corporate Auditors as of the issuance of this report, the reasons for their appointment are as follows. Mitsui has entered into agreements with these External Corporate Auditors respectively limiting their liability as External Corporate Auditors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Corporate Auditor at Mitsui
Kunihiro Matsuo (Since June 2008)	There is no personal, capital, business or other relationship between Mr. Matsuo and Mitsui, therefore, Mr. Matsuo is deemed to appropriately carry out his duties as the independent and neutral External Corporate Auditor.	Mr. Matsuo is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective he has gained, mainly as prosecutor and as an attorney at law.
Hiroyasu Watanabe (Since June 2009)	There is no personal, capital, business or other relationship between Mr. Watanabe and Mitsui, therefore, Mr. Watanabe is deemed to appropriately carry out his duties as the independent and neutral External Corporate Auditor.	Mr. Watanabe is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the experience and perspective he has gained, mainly at the Ministry of Finance and also as a graduate school professor.
Haruka Matsuyama (Since June 2014)	There is no personal, capital, business or other relationship between Ms. Matsuyama and Mitsui, therefore, Ms. Matsuyama is deemed to appropriately carry out her duties as the independent and neutral External Corporate Auditor.	Ms. Matsuyama is appointed as an External Corporate Auditor in expectation of the expression of her objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective she has gained, mainly as an attorney at law.

(*) As of the time of issuance of this report, concurrent positions (external director/corporate auditor) held by External Corporate Auditors in other organizations, etc. are mainly as follows.

Name	Concurrent positions held in other organizations	
Kunihiro Matsuo	Japan Exchange Group, Inc.	External Director
	TOYOTA MOTOR CORPORATION	External Corporate Auditor
	Komatsu Ltd.	External Corporate Auditor
	BROTHER INDUSTRIES, LTD.	External Corporate Auditor
	Seven Bank, Ltd.	External Corporate Auditor
	TV TOKYO Holdings Corporation	External Corporate Auditor
Hiroyasu Watanabe	NOMURA Co., Ltd.	External Corporate Auditor
	JX Holdings, Inc.	External Corporate Auditor
Haruka Matsuyama	T&D Holdings, Inc.	External Director
	Vitec Co., Ltd.	External Corporate Auditor

iv) Activities of External Corporate Auditors in the year ended March 31, 2014

The activities of External Corporate Auditors in the year ended March 31, 2014 are as follows.

Name	Major activities
Naoto Nakamura	Mr. Nakamura participated in 14 of the 16 Board of Directors meetings, and 18 of the 20 Board of Corporate Auditors meetings, held during the year ended March 31, 2014, and offered advice mainly from the perspective of his high degree of knowledge and varied experience as an attorney at law, working primarily on issues related to the field of the Companies Act of Japan. Mr. Nakamura was also a member of the Governance Committee, an advisory body to the Board of Directors.
Kunihiro Matsuo	Mr. Matsuo participated in 14 of the 16 Board of Directors meetings, and 18 of the 20 Board of Corporate Auditors meetings, held during the year ended March 31, 2014, and offered advice mainly from his many years of experience and perspective he has gained working as a prosecutor and an attorney at law.
Hiroyasu Watanabe	Mr. Watanabe participated in 15 of 16 Board of Directors meetings, and 19 of 20 Board of Corporate Auditors meetings, held during the year ended March 31, 2014, and offered advice mainly from the perspective of his high degree of knowledge and varied experience obtained working at the Ministry of Finance and as a graduate school professor.

Mr. Nakamura retired at the conclusion of the 95th Ordinary General Meeting of Shareholders held on June 20, 2014.

v) The External Directors and External Corporate Auditors are given the following support:

For External Directors, before regular and extraordinary meetings of the Board of Directors, the Board of Directors Secretariat (Legal Division and Secretariat) provides material on the proposals and gives advance explanations.

For External Corporate Auditors, in addition to timely provision of company information by the Full-time Corporate Auditors and staff in the Corporate Auditor Division, summaries of meetings between Full-time Corporate Auditors and staff in the Corporate Auditor Division are provided to External Corporate Auditors periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Board of Corporate Auditors and of the Board of Directors.

4) Status of Internal Control System

In the construction of internal control processes, aiming to achieve the above mentioned objective of the internal control process— "Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The conservation of company assets"— the following systems are implemented.

i) Risk management system

As a general trading company engaging in wide variety of businesses, risks arising from business activities are monitored and managed by Chief Operating Officers of business units and regional business units within their authorization delegated from the management. Risks associated with our business include quantitative risks such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk, as well as qualitative risks such as compliance risk and operational risk. Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a business unit or a regional business unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or a Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system.
Furthermore, as stated in "2) Corporate Governance Structure of Mitsui," as committees responsible for business execution and internal control system, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the CSR Promotion Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units. With respect to the risks in the fields they are in charge of, each division of Corporate Staff Unit is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

ii) Internal control over financial reporting

As a result of the termination of the SEC registration, Mitsui implements the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2014.

iii) Internal controls regarding construction and management of information systems and information security

The important principles for our global group information strategy are formulated in line with the corporate management policy through the discussion at Information Strategy Committee established pursuant to the “Rules of Information Strategy Committee.” Under the system centered around the Information Strategy Committee, we are enhancing the system of internal control including management of various possible risks such as information leakage risks through the maintenance of the following rules, necessary in light of development and operation of information systems and information security.

“Information System Rules”: rules on the process of procurement, introduction and operation of the information assets

“Rules on IT Security”: code of conduct for the system supervisory divisions regarding IT security

“Rules on Information Management”: basic policies in terms of information risk management system and information management

“Rules on Protection of Personal Information”: rules for the handling of personal information required for business execution (Applied only in Japan)

iv) Compliance structure

In addition to the Compliance Committee (see “2) Corporate Governance Structure of Mitsui”), chaired by the Chief Compliance Officer, Mitsui implements a compliance management system within the regular line of management at business division and department level. Further, Compliance Supervising Officers are designated at domestic and overseas business units, branch offices and others.

Mitsui has set forth the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” (“Guidelines”) and has equivalent business conduct guidelines in place at its subsidiaries. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and review. See Mitsui’s website for the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.”

We have a total of eight whistle-blowing system routes in place, including those involving an external attorney at law and a third-party providing hotline services. Pursuant to the Whistleblower Protection Act, we made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by Mitsui as a result of whistle-blowing. Additionally, Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing routes (external attorneys at law and a third-party providing hotline services) designated by Mitsui in order to (i) maintain a high standard of confidentiality and (ii) enable their employees to use these routes without uneasiness. Any cases of the violation of compliance are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

v) Specially Designated Business Management System

In response to the DPF Incident, Mitsui established the “Specially Designated Business Management System” in April 2005. Under this system, our internal review of four business domains which are “Environment-related business,” “Medical, Healthcare and Bioethics-related businesses,” “Businesses with subsidy,” and “Businesses with a high public profile” is strengthened. When examining these matters, reports from the CSR Promotion Committee or the Environmental Advisory Committee in which external experts participate as members, or opinions from other external experts will be obtained, as necessary. In addition, we appoint consultants with insights into environmental and social risk, and utilize their advices for new and existing environment-related businesses as necessary.

vi) Systems to secure appropriateness of operations within the corporate group

In March 2006, Mitsui established the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles” (“Principles”). In light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate internal controls based on these Principles, and for its associated companies, Mitsui coordinates with other equity participants and encourages the associated companies to develop and operate similar internal controls. For internal controls to secure reliability in financial reporting, see “internal control over financial reporting” above. In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the “Rules on Delegation of Authority for Supervising Officers for Affiliated Companies.” Also, when Mitsui deploys full-time corporate auditors in major affiliated companies, Mitsui selects personnel from Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

5) Enhancements of Corporate Governance in the Past Year

i) Implementation for strengthening corporate governance
The status of meetings held in the year ended March 31, 2014 by the three Committees that are advisory bodies to the Board of Directors is as follows.

- The Governance Committee met in January 2014 and carried out reviews of matters such as the corporate governance structure of Mitsui.

- The Nomination Committee was held twice in the year ended March 31, 2014 and carried out a review of the standards and the process for nominating Directors and Managing Officers. The Committee reported that the candidates met the selection criteria of the Directors.

- The Remuneration Committee was held four times in the year ended March 31, 2014 and carried out a review of the remuneration structure for Directors and Managing Officers. Based on the review, the Committee reported to the Board of Directors the Stock Option scheme as stock-based compensation with stock price conditions.

ii) Measures for strengthening internal controls

The efforts made by the committees regarding execution of business activities and internal controls in the year ended March 31, 2014 are as follows.

- The Internal Controls Committee held two meetings. The three sub-committees to the Internal Controls Committee, which are the Compliance Committee, the Disclosure Committee and the J-SOX Committee, each made reports to the Internal Controls Committee regarding matters including the discussions they held.

- The Compliance Committee met in March 2014, and carried out a review of Mitsui's responses to compliance issues and the compliance plans, for the purpose of maintaining and improving the effectiveness of the compliance structure. In order to improve the awareness and knowledge of its officers and employees regarding compliance issues, Mitsui implemented compliance e-learning and various compliance training sessions. The compliance awareness survey was also conducted at Mitsui group in order to see the awareness level of our group. Mitsui also worked on building a consolidated group-wide compliance structure by developing a compliance program at affiliated companies, through provision of assistance to compliance officers of such companies, for example, by individual visits to important affiliated companies.

- The Disclosure Committee held three meetings and established a disclosure policy for various disclosure materials and carried out evaluations of the appropriateness of the contents of such materials.

- The J-SOX Committee held two meetings. The Committee prepared Mitsui's policy on compliance with the requirements of Article 24-4-4 and Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan, and managed the schedule. In addition to these, the Committee understood company-wide implementation status and sorted out issues of internal control over financial reporting by the management for the year ended March 31, 2014.

- The Portfolio Management Committee met 28 times. The Committee reported to the Corporate Management Committee regarding the results of examinations into business area strategy, human resource portfolio strategy, investments, loans and recycling plans, and individual large-scale investments, and carried out monitoring and analysis of important indices such as cash flows and risk assets.

- The Information Strategy Committee met seven times. The Committee made decisions on policies such as the construction of the next-generation management platform on a global and group basis, IT governance and various measures on IT portfolio management, management of IT investments, IT security and R&D activity on information technology, business process improvement, training of human resources literate in IT management, and changing mindsets company-wide.

-The CSR Promotion Committee held three meetings. The Committee conducted 2014 Policies and progress reporting on CSR promotion activities, report on social contribution activities aiming for recovery from the Great East Japan Earthquake and review and a management policy reporting of Mitsui & Co., Ltd. Environment Fund, etc.

- The Power and Energy Strategy Committee met four times. The Committee carried out global macro analysis based upon data and information provided by governmental agencies, etc., extracted remarkable points, confirmed efforts of business units on each of those points and reported to the Corporate Management Committee.

- The Business Innovation Committee met ten times. The Committee promoted efforts towards new generation business, collected information through networks outside the company and shared such information internally, conducted internal training programs and campaigns and considered potential new business opportunities.

- The Diversity Promotion Committee met in June, 2013. The Committee discussed and analyzed current issues to promote excellence in our diverse workforce and made decisions regarding action plans to resolve these issues.

6) Other regulations in Mitsui's Articles of Incorporation

i) Resolution requirements for appointment of Directors

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that that resolutions for the appointment of Directors may not be made with cumulative voting.

ii) Decision-making body for buying back Company's own shares

In order to enable the execution of a flexible and swift capital policy, the Articles of Incorporation set forth that Mitsui may acquire its own shares by means of market transaction upon a resolution of the Board of Directors.

iii) Requirements for special resolutions of the General Meeting of Shareholders

For smooth management of the General Meeting of the Shareholders, the Articles of Incorporation set forth that a resolution of General Meeting of Shareholders as specified by Article 309, Paragraph 2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

iv) Interim dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, with September 30 set as the record date each year.

v) Limitation of liability of Directors and Corporate Auditors

In order to enable Directors and Corporate Auditors to fully carry out the role that is expected of them in the execution of their duties, the Articles of Incorporation set forth that, upon a resolution of the Board of Directors, the liability of Directors and Corporate Auditors may be limited to the extent determined by the applicable laws and regulations.

7) Remuneration of Directors and Corporate Auditors

i) The remuneration of Directors and Corporate Auditors for the year ended March 31, 2014 was as follows:

Category of position	Number of recipients	Basic remuneration	Bonus	Total remuneration
Directors (Excluding External Directors)	9	¥688 million	¥422 million	¥1,110 million
Corporate Auditors (Excluding External Corporate Auditors)	2	¥113 million	—	¥113 million
External Directors and External Corporate Auditors	7	¥84 million	—	¥84 million
Total	18	¥885 million	¥422 million	¥1,307 million

(Notes) 1. Limits on the remuneration of Directors and Corporate Auditors have been determined by resolutions passed at a General Meeting of Shareholders. The details are as follows: total amount to be paid to the Directors should not exceed ¥70 million per month (by its resolution on June 22, 2007); total amount to be paid to the Corporate Auditors should not exceed ¥20 million per month (by its resolution on June 22, 2007). In addition to the above, for Directors (not including External Directors) bonuses shall be paid in an amount whose total amount shall not exceed ¥500 million (by its resolution on June 22, 2007).
2. The bonus shown above is the planned amount.
3. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥609 million to 130 retired Directors, and a total of ¥74 million to 22 retired Corporate Auditors in the year ended March 31, 2014.

ii) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million per year for the year ended March 31, 2014.

Name	Category of position	Payer	Basic remuneration	Bonus	Total remuneration
Shoei Utsuda	Director	Mitsui	¥109 million	¥67 million	¥176 million
Masami Iijima	Director	Mitsui	¥126 million	¥67 million	¥193 million
Seiichi Tanaka	Director	Mitsui	¥74 million	¥47 million	¥121 million
Fuminobu Kawashima	Director	Mitsui	¥74 million	¥47 million	¥121 million
Daisuke Saiga	Director	Mitsui	¥63 million	¥40 million	¥103 million
Joji Okada	Director	Mitsui	¥63 million	¥40 million	¥103 million
Masayuki Kinoshita	Director	Mitsui	¥63 million	¥40 million	¥103 million
Shintaro Ambe	Director	Mitsui	¥63 million	¥40 million	¥103 million

iii) Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as a sum of fixed basic remuneration and performance-related bonus based on the profit for the year attributable to owners of the parent (*). The following formula applies in calculating the performance-related bonuses, which is advised as being appropriate by the Remuneration Committee and subsequently resolved at the Board of Directors meeting.

Directors are not paid retirement compensation, with the exception of those payments that were approved prior to the abolition of the program.

(*) Mitsui has adopted IFRS for this annual securities report. Therefore, the total bonuses for the year ended March 31, 2014 was calculated based on the net income attributable to Mitsui & Co., Ltd under U.S. GAAP.

(a) Total amount paid in bonuses for Directors

Total bonuses are calculated as the lesser of profit attributable to owners of the parent x 0.1% and ¥500 million (if the profit attributable to owners of the parent is minus, i.e. net loss, this item is set as 0 for the calculation).

(b) Amount paid as individual bonuses

The total amount calculated by the method shown in (a) above is distributed to each Director in proportion to the following points which are assigned for each position. Amounts less than ¥10,000 will be rounded off.
(Amount individually paid = total amount paid × position points / sum of position points)

Points by position

Chairman/President	Executive Vice President	Senior Executive Managing Officer	Executive Managing Officer
10	7	6	5

Based on the composition of the Directors and Corporate Auditors as of the date of the issuance of this report, the maximum amounts that may be paid for each position (in the case of profit attributable to the owners of the parent of ¥500 billion for the fiscal year) are as follows.

Chairman/President	=	¥500 million × 10 points / (10 points × 2 persons + 7 points × 4 persons + 6 points × 3 persons + 5 points × 0 person = 66 points)	=	¥75.76 million
Executive Vice President	=	¥500 million × 7 / 66 points	=	¥53.03 million
Senior Executive Managing Officer	=	¥500 million × 6 / 66 points	=	¥45.45 million

iv) Each Director (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration but less than ¥1 million through the Mitsui Executives' Shareholding Association. In addition, on June 20, 2014, the shareholders approved at the Company's Ordinary General Meeting of Shareholders, to grant the stock option scheme as stock-based compensation with stock price conditions, up to ¥500 million per annum, to the Company's Directors (excluding External Directors) to purchase up to 500,000 shares of the Company's common stock per annum. The exercise period of subscription rights to shares shall be 27 years from the day following the date on which 3 years have elapsed after the allotment date of subscription rights to shares, with payment due upon the exercise of the subscription right to shares being ¥1 per share.

v) Corporate Auditors receive only monthly remunerations which do not include performance-related portion. The monthly remuneration for each Corporate Auditor is determined by discussions among the Corporate Auditors. The total amount shall not exceed the amount shown in Note 1 in i) above. Retirement compensation is not paid to the Corporate Auditors.

8) Status of Stocks Held

i) Stocks for investment held for purposes other than pure investment purposes stood at 472 issues and total of the amount recorded in the balance sheet is ¥506,899 million as of March 31, 2014.

ii) Stocks for investment held for purposes other than pure investment purposes (excluding unlisted stocks), of which amount recorded on the balance sheet as of March 31, 2013 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (26 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	50,533	Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks
MODEC, INC.	6,957,500	19,258	same as above
POSCO	482,000	13,324	same as above
Yamato Kogyo Co., Ltd.	4,573,000	12,630	same as above
Burberry Group plc	6,521,739	12,408	same as above
Yamaha Motor Co., Ltd.	8,586,000	11,075	same as above
Toray Industries, Inc.	13,776,000	8,761	same as above
Nihon Unisys, Ltd.	9,798,509	8,044	same as above
Mitsui Fudosan Co., Ltd.	3,000,000	7,917	same as above
TOYOTA MOTOR CORPORATION	1,500,000	7,290	same as above
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	7,128	same as above
Mitsui Chemicals, Inc.	34,740,390	7,121	same as above
DUSKIN CO., LTD.	3,500,000	6,573	same as above
MIKUNI COCA-COLA BOTTLING CO., LTD.	6,629,599	6,390	same as above
Mitsubishi UFJ Financial Group, Inc.	11,130,000	6,210	same as above
KATO SANGYO Co., Ltd.	3,153,000	6,123	same as above
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	4,288,000	6,041	same as above

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Nippon Steel & Sumitomo Metal Corporation	24,599,544	5,780	same as above
FORMOSA EPITAXY INCORPORATION	74,693,000	5,466	same as above
DAICEL Corporation	6,777,820	5,056	same as above
The Dai-ichi Life Insurance Company, Limited	31,639	4,002	same as above
LIFENET INSURANCE COMPANY	4,800,000	3,960	same as above
Sumitomo Metal Mining Co., Ltd.	2,908,000	3,905	same as above
Fuji Pharma Co., Ltd.	1,930,600	3,579	same as above
SHOCHIKU Co., Ltd.	3,700,000	3,566	same as above
Japan Airlines Co., Ltd.	791,500	3,458	same as above

Deemed Stockholdings (5 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	10,916	Voting rights
Mitsui Fudosan Co., Ltd.	2,801,000	7,391	same as above
MS & AD Insurance Group Holdings, Inc.	2,846,100	5,880	same as above
TOSHIBA CORPORATION	8,621,000	4,069	same as above
Katakura Industries Co., Ltd.	3,600,000	4,053	same as above

Note: In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and Deemed Stockholdings are not combined.

Stocks for investment held for purposes other than pure investment purposes (excluding unlisted stocks), of which amount recorded on the balance sheet as of March 31, 2014 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (33 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	63,981	Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks
TonenGeneral Sekiyu K. K.	36,000,000	32,796	same as above
MODEC, INC.	6,957,500	18,172	same as above
Yamato Kogyo Co., Ltd.	4,573,000	14,793	same as above
Yamaha Motor Co., Ltd.	8,586,000	14,123	same as above
Coca-Cola East Japan Co., Ltd.	5,237,383	13,564	same as above
Burberry Group plc	4,771,739	11,403	same as above
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	33,831,000	11,198	same as above
Nihon Unisys, Ltd.	9,798,509	9,886	same as above
Mitsui Fudosan Co., Ltd.	3,000,000	9,447	same as above
Toray Industries, Inc.	13,776,000	9,395	same as above
Mitsui Engineering & Shipbuilding Co., Ltd.	42,944,000	9,361	same as above
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	7,691,000	9,175	same as above
TOYOTA MOTOR CORPORATION	1,500,000	8,739	same as above
POSCO	254,696	7,290	same as above
Nippon Steel & Sumitomo Metal Corporation	24,599,544	6,937	same as above
KATO SANGYO Co., Ltd.	3,153,000	6,920	same as above
QIWI plc	1,715,403	6,117	same as above

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
A10 NETWORKS, Inc.	3,724,477	5,765	same as above
J-OIL MILLS, Inc.	20,877,110	5,741	same as above
FORMOSA EPITAXY INCORPORATION	74,693,000	4,804	same as above
The Dai-ichi Life Insurance Company, Limited	3,163,900	4,745	same as above
Mitsui Chemicals, Inc.	17,370,390	4,394	same as above
DUSKIN CO., LTD.	2,100,000	4,155	same as above
IHI Corporation	9,395,000	4,077	same as above
NSK Ltd.	3,838,000	4,075	same as above
Japan Airlines Co., Ltd.	791,500	4,020	same as above
Mitsubishi UFJ Financial Group, Inc.	6,978,000	3,956	same as above
Sumitomo Mitsui Financial Group, Inc.	889,100	3,920	same as above
Fuji Pharma Co., Ltd.	1,930,600	3,905	same as above
Nippon Flour Mills Co., Ltd.	6,698,221	3,784	same as above
Sumitomo Metal Mining Co., Ltd.	2,908,000	3,768	same as above
KANEKA CORPORATION	5,543,459	3,470	same as above

Deemed Stockholdings (8 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	13,086	Voting rights
Mitsui Fudosan Co., Ltd.	2,801,000	8,820	same as above
SKY Perfect JSAT Holdings Inc.	13,405,200	7,399	same as above
MS & AD Insurance Group Holdings, Inc.	2,846,100	6,728	same as above
Katakura Industries Co., Ltd.	3,600,000	4,719	same as above
Mitsui Chemicals, Inc.	17,370,000	4,394	same as above

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOSHIBA CORPORATION	8,621,000	3,767	same as above
Toyo Suisan Kaisha, Ltd.	994,000	3,424	same as above

Note: In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and Deemed Stockholdings are not combined.

iii) There are no stocks held solely for investment purposes.

(2) Details of Audit Fees and Other Matters

1) Details of fees paid to the certified public accountant auditor

Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC.

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2014 and 2013.

Classification	Year ended March 31, 2014		Year ended March 31, 2013	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	942	6	904	8
Consolidated subsidiaries	867	1	904	-
Total	1,809	7	1,808	8

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by laws to be performed by the auditor, and can only be reasonably performed by the auditor.

2) Details of other significant fees

We entrust auditing work and non-auditing work to member firms of Deloitte Touche Tohmatsu Limited, which belong to the same network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries.

Classification	Year ended March 31, 2014		Year ended March 31, 2013	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	5	9	2	5
Consolidated subsidiaries	2,491	370	2,100	268
Total	2,496	379	2,102	273

3) Details of non-auditing work performed by the certified public accountant auditor of Mitsui

The non-auditing work for which Mitsui pays a fee to Deloitte Touche Tohmatsu LLC consists of auditing-related work and taxation work. Auditing-related work includes those that have indirect relevance to auditing and attestation services. It includes consultation related to accounting practices that have no direct relevance to auditing, financial due diligences services on the acquisition of businesses, and supporting work regarding the development of internal controls, to the extent acceptable to be performed simultaneously with the audit.

Taxation work includes services such as supporting work for the preparation of tax returns and consulting work regarding the interpretation and application of tax laws.

4) Policy for determining audit fees

In determination of audit fees, factors such as past records and the volume of work accompanying audit work are taken into account. The approval of the Board of Corporate Auditors is obtained when decisions on fees for auditing work are made.

5. Financial Information

1. Consolidated Financial Statements

Consolidated Statements of Financial Position

Mitsui & Co., Ltd. and subsidiaries
March 31, 2014, 2013 and the date of transition to IFRS (April 1, 2012)

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2014	2013	2012	2014
ASSETS				
Current Assets:				
Cash and cash equivalents (Note 2)	¥ 1,226,317	¥ 1,432,534	¥ 1,431,112	$ 11,906
Trade and other receivables (Notes 2, 7, 8, 9, 16 and 21)	2,040,855	2,012,708	2,030,101	19,814
Other financial assets (Notes 2, 8 and 25)	271,288	239,060	278,666	2,634
Inventories (Notes 2, 8, 10 and 25)	625,328	644,817	561,291	6,071
Advance payments to suppliers	183,576	189,155	211,121	1,782
Other current assets	118,049	110,198	96,454	1,146
Total current assets	4,465,413	4,628,472	4,608,745	43,353
Non-current Assets:				
Investments accounted for using the equity method (Notes 2, 5, 6 and 16)	2,448,848	2,055,085	1,461,414	23,775
Other investments (Notes 8,16 and 25)	1,554,673	1,395,786	1,253,262	15,094
Trade and other receivables (Notes 2, 7, 8, 9 and 16)	470,880	436,660	342,925	4,572
Other financial assets (Notes 8 and 25)	116,298	146,494	124,679	1,129
Property, plant and equipment (Notes 2, 9, 11, 14 and 16)	2,007,452	1,759,961	1,378,233	19,490
Investment property (Notes 2, 9 and 12)	139,334	122,837	115,550	1,353
Intangible assets (Notes 2 and 13)	144,153	121,189	109,810	1,400
Deferred tax assets (Notes 2 and 24)	74,419	62,026	54,321	723
Other non-current assets	69,849	48,764	44,865	677
Total non-current assets	7,025,906	6,148,802	4,885,059	68,213
Total assets	¥11,491,319	¥10,777,274	¥ 9,493,804	$ 111,566

See notes to consolidated financial statements

Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
March 31, 2014, 2013 and the date of transition to IFRS (April 1, 2012)

	Millions of Yen			Millions of U.S. Dollars (Note 2)
	2014	2013	2012	2014
LIABILITIES AND EQUITY				
Current Liabilities:				
Short-term debt (Notes 15 and 16)	¥ 436,869	¥ 532,101	¥ 316,379	$ 4,241
Current portion of long-term debt (Notes 8, 9, 15 and 16)	505,946	429,915	372,657	4,912
Trade and other payables (Notes 2, 9, 15 and 21)	1,473,834	1,465,857	1,491,225	14,309
Other financial liabilities (Notes 2, 8, 15, 25 and 26)	301,047	358,504	315,070	2,923
Income tax payables (Notes 2 and 24)	42,857	54,096	73,121	416
Advances from customers	165,124	156,534	166,992	1,603
Provisions (Notes 2 and 17)	17,491	10,153	13,733	170
Other current liabilities	41,486	41,725	48,890	403
Total current liabilities	2,984,654	3,048,885	2,798,067	28,977
Non-current Liabilities:				
Long-term debt, less current portion (Notes 8, 9, 15 and 16)	3,468,301	3,214,371	2,920,311	33,673
Other financial liabilities (Notes 8, 15, 25 and 26)	95,541	102,115	76,576	928
Retirement benefit liabilities (Notes 2 and 18)	69,558	69,341	56,886	675
Provisions (Notes 2 and 17)	174,855	127,182	113,339	1,698
Deferred tax liabilities (Notes 2 and 24)	567,281	496,080	417,053	5,508
Other non-current liabilities	30,825	34,311	36,334	298
Total non-current liabilities	4,406,361	4,043,400	3,620,499	42,780
Total liabilities	7,391,015	7,092,285	6,418,566	71,757
Equity: (Note 19)				
Common stock	341,482	341,482	341,482	3,315
Capital surplus	418,004	428,552	430,490	4,058
Retained earnings	2,345,790	2,060,298	1,860,410	22,775
Other components of equity (Notes 2 and 8)	766,631	614,783	240,099	7,443
Treasury stock (Note 28)	(56,140)	(5,974)	(6,203)	(545)
Total equity attributable to owners of the parent	3,815,767	3,439,141	2,866,278	37,046
Non-controlling interests (Note 2)	284,537	245,848	208,960	2,763
Total equity	4,100,304	3,684,989	3,075,238	39,809
Total liabilities and equity	¥11,491,319	¥10,777,274	¥ 9,493,804	$ 111,566

See notes to consolidated financial statements

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2014 and 2013

	Millions of Yen				Millions of U.S. Dollars (Note 2)	
	2014		2013		2014	
Revenue (Notes 2, 5, 6, 8 and 21):						
Sale of products	¥	5,206,772	¥	4,407,699	$	50,551
Rendering of services		415,395		392,088		4,033
Other revenue		109,751		112,331		1,066
Total revenue		5,731,918		4,912,118		55,650
Cost (Notes 2, 5, 8 and 21):						
Cost of products sold		(4,627,572)		(3,880,909)		(44,928)
Cost of services rendered		(162,690)		(160,175)		(1,579)
Cost of other revenue		(61,550)		(56,895)		(598)
Total cost		(4,851,812)		(4,097,979)		(47,105)
Gross Profit		880,106		814,139		8,545
Other Income (Expenses):						
Selling, general and administrative expenses (Notes 2, 13, 18 and 22)		(574,871)		(529,290)		(5,581)
Gain (loss) on securities and other investments—net (Notes 2, 4, 5, 8 and 25)		30,816		20,460		299
Impairment loss of fixed assets (Notes 2, 11 and 13)		(59,966)		(33,672)		(582)
Gain (loss) on disposal or sales of fixed assets—net (Notes 11 and 13)		16,419		6,122		159
Other income (expense)—net (Notes 2, 8, 13, 14 and 23)		(21,720)		(23,636)		(211)
Total other income (expenses)		(609,322)		(560,016)		(5,916)
Finance Income (Costs) (Notes 2 and 8)**:**						
Interest income		33,644		40,268		327
Dividend income		124,026		80,638		1,204
Interest expense (Note 17)		(49,176)		(46,639)		(478)
Total finance income (costs)		108,494		74,267		1,053
Share of Profit of Investments Accounted for Using the Equity Method (Notes 2, 5 and 6)		171,239		183,073		1,663
Profit before Income Taxes		550,517		511,463		5,345
Income Taxes (Notes 2 and 24)		(176,654)		(195,211)		(1,715)
Profit for the Year	¥	373,863	¥	316,252	$	3,630
Profit for the Year Attributable to:						
Owners of the parent	¥	350,093	¥	296,623	$	3,399
Non-controlling interests		23,770		19,629		231

	Yen				U.S. Dollars (Note 2)	
Earnings per Share Attributable to Owners of the Parent (Notes 2 and 20):						
Basic	¥	192.22	¥	162.53	$	1.87
Diluted	¥	192.21	¥	162.53	$	1.87

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2014	2013	2014
Comprehensive Income:			
Profit for the year	¥ 373,863	¥ 316,252	$ 3,630
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Financial assets measured at FVTOCI (Notes 2 and 8)	76,202	99,204	740
Remeasurements of defined benefit pension plans (Notes 2 and 18)	(9,676)	(10,447)	(94)
Share of other comprehensive income of investments accounted for using the equity method (Note 5)	622	(443)	6
Income tax relating to items not reclassified (Note 19)	(12,915)	(25,686)	(125)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments (Notes 2 and 8)	20,022	161,057	194
Cash flow hedges (Notes 2 and 8)	6,699	6,740	65
Share of other comprehensive income of investments accounted for using the equity method (Note 5)	112,522	166,735	1,093
Reclassification adjustments	(6,477)	1,266	(63)
Income tax relating to items that may be reclassified (Note 19)	(3,889)	(11,467)	(38)
Total other comprehensive income	183,110	386,959	1,778
Comprehensive Income for the Year	¥ 556,973	¥ 703,211	$ 5,408
Comprehensive Income for the Year Attributable to:			
Owners of the parent	¥ 521,457	¥ 664,345	$ 5,063
Non-controlling interests (Note 19)	35,516	38,866	345

See notes to consolidated financial statements

Consolidated Statements of Changes in Equity

Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2014 and 2013

	Attributable to owners of the parent							
Millions of Yen	**Common Stock**	**Capital Surplus**	**Retained Earnings**	**Other Components of Equity (Net of Income Tax)**	**Treasury Stock**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance as at April 1, 2012	¥ 341,482	¥ 430,490	¥ 1,860,410	¥ 240,099	¥ (6,203)	¥ 2,866,278	¥ 208,960	¥ 3,075,238
Profit for the year			296,623			296,623	19,629	316,252
Other comprehensive income for the year (Notes 2, 8 and 19)				367,722		367,722	19,237	386,959
Comprehensive income for the year						664,345	38,866	703,211
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥50)			(91,248)			(91,248)		(91,248)
Dividends paid to non-controlling interest shareholders							(13,580)	(13,580)
Acquisition of treasury stock					(15)	(15)		(15)
Sale of treasury stock			(11)		244	233		233
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		(1,938)		1,486		(452)	11,602	11,150
Transfer to retained earnings (Notes 2 and 19)			(5,476)	5,476		–		–
Balance as at March 31, 2013	¥ 341,482	¥ 428,552	¥ 2,060,298	¥ 614,783	¥ (5,974)	¥ 3,439,141	¥ 245,848	¥ 3,684,989
Profit for the year			350,093			350,093	23,770	373,863
Other comprehensive income for the year (Notes 2, 8 and 19)				171,364		171,364	11,746	183,110
Comprehensive income for the year						521,457	35,516	556,973
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥46)			(83,957)			(83,957)		(83,957)
Dividends paid to non-controlling interest shareholders							(18,981)	(18,981)
Acquisition of treasury stock					(50,217)	(50,217)		(50,217)
Sale of treasury stock			0		51	51		51
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		(10,548)		(160)		(10,708)	22,154	11,446
Transfer to retained earnings (Notes 2 and 19)			19,356	(19,356)		–		–
Balance as at March 31, 2014	¥ 341,482	¥ 418,004	¥ 2,345,790	¥ 766,631	¥ (56,140)	¥ 3,815,767	¥ 284,537	¥ 4,100,304

	Attributable to owners of the parent							
Millions of U.S. Dollars (Note 2)	**Common Stock**	**Capital Surplus**	**Retained Earnings**	**Other Components of Equity (Net of Income Tax)**	**Treasury Stock**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance as at March 31, 2013	$ 3,315	$ 4,161	$ 20,003	$ 5,969	$ (58)	$ 33,390	$ 2,387	$ 35,777
Profit for the year			3,399			3,399	231	3,630
Other comprehensive income for the year (Notes 2, 8 and 19)				1,664		1,664	114	1,778
Comprehensive income for the year						5,063	345	5,408
Transaction with owners:								
Dividends paid to the owners of the parent (per share: $0.45)			(815)			(815)		(815)
Dividends paid to non-controlling interest shareholders							(184)	(184)
Acquisition of treasury stock					(487)	(487)		(487)
Sale of treasury stock			0		0	0		0
Equity transactions with non-controlling interest shareholders (Notes 2 and 19)		(103)		(2)		(105)	215	110
Transfer to retained earnings (Notes 2 and 19)			188	(188)		–		–
Balance as at March 31, 2014	$ 3,315	$ 4,058	$ 22,775	$ 7,443	$ (545)	$ 37,046	$ 2,763	$ 39,809

See notes to consolidated financial statements

Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars (Note2)
	2014	2013	2014
Operating Activities (Note 27):			
Profit for the Year	¥ 373,863	¥ 316,252	$ 3,630
Adjustments to reconcile profit for the year to cash flows from operating activities:			
Depreciation and amortization	219,147	188,400	2,128
(Gain)/loss on securities and other investments—net	(30,816)	(20,460)	(299)
Impairment loss of fixed assets	59,966	33,672	582
(Gain)/loss on disposal or sales of fixed assets—net	(16,419)	(6,122)	(159)
Finance (income)/costs—net	(101,451)	(66,538)	(985)
Income taxes	176,654	195,211	1,715
Share of profit of investments accounted for using equity method	(171,239)	(183,073)	(1,662)
Changes in operating assets and liabilities:			
Change in trade and other receivables	(44,457)	27,884	(432)
Change in inventories	(13,508)	(13,184)	(131)
Change in trade and other payables	(51,883)	421	(504)
Other—net	(38,495)	(41,239)	(374)
Interest received	26,817	43,420	260
Interest paid	(51,283)	(54,912)	(498)
Dividends received	277,305	195,262	2,692
Income taxes paid	(164,958)	(159,668)	(1,601)
Cash flows from operating activities	449,243	455,326	4,362
Investing Activities (Note 27):			
Net change in time deposits	707	(382)	7
Investments in and advances to equity accounted investees	(268,298)	(292,387)	(2,605)
Proceeds from sales of investments in and collection of advances from equity accounted investees	63,541	61,856	617
Purchases of other investments	(165,784)	(79,370)	(1,609)
Proceeds from sales and maturities of other investments	158,604	109,833	1,540
Increase in long-term loan receivables	(34,281)	(162,471)	(333)
Collections of long-term loan receivables	32,318	27,804	314
Purchases of property, plant, equipment and investment property	(406,516)	(412,378)	(3,947)
Proceeds from sales of property, plant, equipment and investment property	49,629	14,255	482
Acquisitions of subsidiaries or other businesses	(98,321)	(21,293)	(955)
Sales of subsidiaries or other businesses	8,583	–	83
Cash flows from investing activities	(659,818)	(754,533)	(6,406)
Financing Activities (Note 27):			
Net change in short-term debt	(85,141)	164,308	(827)
Proceeds from long-term debt	746,792	771,178	7,250
Repayments of long-term debt	(537,806)	(608,789)	(5,221)
Purchases and sales of treasury stock	(50,216)	(13)	(488)
Dividends paid	(83,970)	(91,270)	(815)
Transactions with non-controlling interests shareholders	(2,896)	921	(28)
Cash flows from financing activities	(13,237)	236,335	(129)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	17,595	64,294	171
Change in Cash and Cash Equivalents	(206,217)	1,422	(2,002)
Cash and Cash Equivalents at Beginning of Year	1,432,534	1,431,112	13,908
Cash and Cash Equivalents at End of Year	¥ 1,226,317	¥ 1,432,534	$ 11,906

See notes to consolidated financial statements

1. REPORTING ENTITY

Mitsui & Co., Ltd. (the "Company") is a company incorporated in Japan. The consolidated financial statements of the Company have an annual closing date as of March 31 and comprises the financial statements of the Company, its subsidiaries, and the interests in associated companies and joint ventures (collectively, the "equity accounted investees").

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

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

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These are the companies' first consolidated financial statements in accordance with IFRS and the transition date to IFRS was April 1, 2012. The companies have applied IFRS 1 *First-time Adoption of International Financial Reporting Standards*. An explanation of how the transition has affected the consolidated statements of financial position, income and comprehensive income of the companies is provided in Note 29 "DISCLOSURES OF TRANSITION TO IFRS."

II. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company, and all financial information presented in Japanese yen has been rounded to the nearest million.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2014 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥103=U.S. $1, the approximate rate of exchange at March 31, 2014. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

III. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost basis except for the items such as financial instruments, asset and liability related to definite benefit pension plans, and a part of inventories as explained in V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

IV. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments and estimates. The judgments based on assumptions and estimates are reviewed on an ongoing basis.

Main assumptions and estimates that affect consolidated financial statements significantly are as follows:

- Revaluation for financial instruments (See Note 8 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS”, and Note 25 “FAIR VALUE MEASUREMENT”)
- Impairment and its reversal of assets (See Note 5 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”, Note 11 “PROPERTY, PLANT AND EQUIPMENT”, and Note 13 “INTANGIBLE ASSETS”)
- Provisions (See Note 17 “PROVISIONS”)
- Measurement in defined benefit obligation (See Note 18 “EMPLOYEE BENEFITS”)
- Recoverability of deferred tax assets (See Note 24 “INCOME TAXES”)

Main information about the judgments taken for the application of the accounting policies which have an impact on consolidated financial statements, are as follows:

- Scope of consolidated subsidiaries, associated companies, and joint ventures (See Note 4 “CONSOLIDATED SUBSIDIARIES” and Note 5 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”)
- Accounting for leases businesses (See Note 9 “LEASES”)

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries (which were controlled directly or indirectly through voting or similar rights), and structured entities (“SEs”) , collectively the “companies”, where the Company or one of its subsidiaries have control. SEs are entities controlled through other means than voting or similar rights. The word “control” is used per its definition in IFRS 10 “Consolidated Financial Statements”, so that the companies consider all facts and circumstances including the existing rights and substantive rights included within the agreements with the investees.

The consolidated financial statements include financial statements of certain subsidiaries with different fiscal year-ends from that of the Company, as the company considers it impracticable to unify the fiscal year-ends of such subsidiaries with that of the Company.

Major consolidated subsidiaries with different fiscal year-ends include subsidiaries that operate exploration, development and production of oil and gas. As the Company is a non-operator in such operations and the financial information is prepared by the operators, the Company is unable to obtain necessary information from the operators in time for the preparation of the Company’s consolidated financial statements as of March-end. For the same reasons, it is also impracticable to prepare additional financial statements for these subsidiaries as of the same date as the Company’s year-end date. Therefore, financial information for such subsidiaries as of their fiscal year-end of December 31 is included in the Company’s consolidated results.

There are other consolidated subsidiaries for which it is also considered impracticable to unify their fiscal year-ends with that of the Company’s due to certain facts and circumstances such as the requirement of local laws and regulations, the local business practices, the environment surrounding the accounting system. The fiscal year-ends of such consolidated subsidiaries are mainly the end of December.

Adjustments are made for the effects of significant transactions or events that occur between the ends of the fiscal years of such consolidated subsidiaries and that of the Company.

Changes in the companies’ ownership interests that are made 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 measured at their fair value at that date, and the difference between the fair value and the carrying amount of the retained non-controlling investments is recognized as gain (loss) on securities and other investments—net.

Investments in associated companies and joint arrangements

Associated companies are the entities over which the Company and its subsidiaries own 20% or more of the voting rights and cannot be clearly demonstrated to be unable to exercise significant influence over the financial and operating policy decisions of the investees, or those whereby the companies have the ability to exercise significant influence despite holding less than 20% ownership. Investments in associated companies are accounted for using the equity method.

Joint arrangements are arrangements in which decisions about the relevant activities require the unanimous consent of the parties sharing control. When the parties that have joint control of the arrangement substantially have rights to the assets and obligations for the liabilities, relating to the arrangement, the arrangement is a joint operation, and when an arrangement is structured through a separate vehicle and the parties that have joint control of the arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture. A joint operation is accounted for by recognizing the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venture is accounted for using the equity method.

Robe River Iron Associates (Mitsui’s percentage of ownership: 33%), which conducts iron ore mining activity in Australia, is a major joint operation.

The consolidated financial statements include some associated companies, joint ventures and joint operations with different fiscal year-ends from that of the Company because it is impracticable to unify the fiscal year-ends due to the requirement of local laws and regulations and relationships with other shareholders, and it is also impracticable to prepare additional financial statements as of the same date as the financial statements of the companies due to certain factors such as the local business practices and the environment surrounding the accounting system. The fiscal year-ends of associated companies, joint ventures and joint operations are generally December 31.
Adjustments are made for the effects of significant transactions or events that occur due to differences of fiscal year-ends.

The companies discontinue the use of the equity method from the date when the investment ceases to be an associated company or a joint venture. Any retained investments are measured at their fair value at that date, and the difference between the fair value and the carrying amount of the retained investments is recognized as gain (loss) on securities and other investments—net. Regarding impairment of investments in equity accounted investees, please refer to “*Impairment of non-financial assets and investments accounted for using the equity method*”.

Business combinations

In accordance with IFRS 3 “Business Combinations,” all business combinations on or after the date of transition to IFRS are accounted for using the acquisition method, where all assets and liabilities of an acquired company, including non-controlling interests, are measured at fair value. The differences between consideration transferred and the net fair value of identifiable assets and liabilities are recognized as goodwill when the consideration transferred is in excess of the net fair value of identifiable assets and liabilities. If the net fair value of identifiable assets and liabilities exceed the consideration transferred, the excess is recognized immediately in profit or loss.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and equity accounted investees are translated into Japanese yen using the spot exchange rate at the respective reporting date. All income and expense accounts are translated into Japanese yen using average rates of exchange for the respective reporting period. The resulting translation adjustments are recognized in other components of equity.

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of transactions. At the end of each reporting period, monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the reporting date and exchange differences arising from translation are recognized in profit and loss.

Non-monetary items measured at historical cost denominated in foreign currencies are translated using the spot exchange rate at the date of transaction.

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.

Inventories

Inventories, consisting mainly of commodities and materials for sale, are measured at the lower of cost and net realizable value. The cost of inventory of items that are not ordinarily interchangeable are assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted average cost formula. Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value less costs to sell, and changes in fair value less costs to sell are recognized in profit or loss in the period of the change.

Financial instruments

The companies have early adopted IFRS 9 "Financial Instruments" (issued in November 2009, revised in October 2010).

Non-derivative financial assets

Trade and other receivables are recognized at fair value on initial recognition and regular purchases of other financial assets are recognized on the trade date. These financial assets are derecognized if they satisfy any of the following conditions:

-the contractual rights to the cash flows from the financial asset have expired; or
-the contractual rights to receive the cash flows of the financial asset have been transferred and substantially all risks and rewards of the ownership of the financial asset have been transferred.

Non-derivative financial assets are classified and measured as follows:

Non-derivative financial assets that are debt instruments are measured at amortized cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortized cost is calculated by using the effective interest rate method. For financial assets measured at amortized cost, the companies consider if impairment occurred. Please see *Impairment of financial assets* regarding impairment.

Equity financial instruments and non-derivative financial assets that do not satisfy the requirements to be measured at amortized cost are measured at fair value through profit or loss ("FVTPL"). However, for certain equity financial instruments held primarily for the purpose of enhancing the revenue base by maintaining or strengthening the trade relationship with the investees, the companies elect at initial recognition to designate these instruments as at fair value through other comprehensive income ("FVTOCI").

When financial assets measured at FVTOCI are derecognized, the accumulated other components of equity is directly reclassified to retained earnings without being recognized in profit or loss. Dividend income received on financial assets measured at FVTOCI is mainly recognized in profit or loss.

Non-derivative financial liabilities

The companies have non-derivative financial liabilities including corporate bonds and loans payable, trade and other payables, and other financial liabilities. Corporate bonds issued by the companies are recognized at fair value on the issue date and all other non-derivative financial liabilities are recognized at fair value on the trade date. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost.

The companies derecognize a non-derivative financial liability only when it is extinguished; that is, the underlying obligation specified in the contract is discharged, cancelled or expires.

Impairment of financial assets

For financial assets measured at amortized cost, the companies recognize allowance for doubtful receivables on an individual basis for certain receivables that are considered to have been impaired based on the latest information or events such as in the case where the debtor is under legal reorganization and in financial failure or has a serious problem in repaying debts due to financial difficulty, although it is not yet in financial failure. Impairment losses are measured by using the present value of expected future cash flows, discounted at the effective interest rate based on the original terms of the contract, or, at fair value of the collateral if their value depends on the collateral and comparing the resulting value to the carrying value of the financial asset with the difference between recognized in profit and loss.

Similarly, debt securities measured at amortized cost are assessed for impairment, and impairment losses are directly deducted from the carrying amount. Impairment losses are recognized in profit or loss. After an impairment loss is recognized, interest income continues to be recognized on the reduced carrying amount using the same discount rate used to discount the expected future cash flows when the impairment loss was measured.

If the fair value of previously impaired receivables or debt securities measured at amortized cost subsequently recovers due to factors occurring after the recognition of impairment, a reversal of impairment loss is recognized in profit or loss. The reversal amount is directly added to the carrying amount for debt securities, or deducted from related provision for receivables. The carrying amount after a reversal of impairment loss cannot exceed the carrying amount that would have been, had the impairment loss not been recognized in prior years.

Other than the cases above, as for the corporate businesses, an allowance for doubtful receivables 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 and trade receivables are written off when certain conditions are met. The following are examples of when 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.

Finance income and costs

Finance income and costs consist of items such as interest income, interest expense, dividends received and gain or loss on hedging instruments recognized in profit or loss. Interest income and interest expense are recognized using the effective interest method. Dividend income is recognized on the date when the rights of the companies to received dividends vest. See "*Derivative instruments and hedging activities*" for the accounting for gains or losses arising from hedging instruments.

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 mitigate or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity futures, forwards, options 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 investments in foreign operations.

The companies recognize all derivative instruments as an asset or a liability at fair value as at the date on which they become party to the relevant agreement. Subsequent to initial recognition, derivative instruments are measured at fair value with any changes in fair value accounted for as follows:

・Fair value hedges
Derivative instruments held for the purpose of eliminating the risk of changes in the fair value of hedged items are designated as fair value hedges and subject to the assessment of hedge effectiveness. To the extent that they satisfy the requirements for hedge accounting, any changes in fair value are recognized in profit or loss together with the corresponding changes in fair value of hedged items.

・Cash flow hedges
Derivative instruments held for the purpose of offsetting the variability in cash flows of the hedged items are designated as cash flow hedges. To the extent that they are effective, any changes in fair value are recognized in other comprehensive income until cash flows of the hedged item affect profit or loss. The amounts previously recognized in other comprehensive income are reclassified to profit and loss in the period when cash flows of the hedged item affect profit or loss, in the same line as the recognized hedged item. Changes in the fair value of the ineffective portion are immediately recognized in profit or loss.

・Hedges of net investments in foreign operations
The foreign exchange gain or loss on the derivative instruments and the non-derivative financial instruments that are designated as hedging instruments to hedge the foreign currency exposure of net investments in foreign operations are initially recorded as foreign currency translation adjustments within other comprehensive income to the extent they are assessed to be effective as a hedge. Accumulated foreign exchange gains and losses are subsequently reclassified to profit or loss when the whole or part of the relevant investments in foreign operations is sold or the foreign operation is liquidated.

・Derivative instruments for trading purposes
The Company and certain subsidiaries use derivative instruments for trading purposes within certain position and loss limits. Derivative instruments for trading purposes are measured at fair value and changes in fair value are recognized in profit or loss.

<u>*Offsetting financial assets and financial liabilities*</u>

The companies have early adopted IAS 32 “Financial Instruments: Presentation” (issued in December 2003, revised in December 2011).

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Leasing

The companies are engaged in finance and operating leases businesses. For finance leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Operating lease income is recognized as revenue over the term of underlying leases on a straight-line method.

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

Property, plant and equipment

Property, plant and equipment are measured based on the cost model and are stated at cost less accumulated depreciation and impairment losses. The companies have elected to measure some items at fair value and use that fair value as the deemed cost at the date of transition to IFRS.

Depreciation of property, plant and equipment, except for land and projects in progress, is computed principally under the straight-line method, using rates based on the estimated useful lives of the related assets. The estimated useful lives for buildings, equipment and fixtures, vessels and aircrafts are primarily 2 to 52 years, 3 to 30 years, and 3 to 20 years, respectively. Mineral rights are primarily amortized using the unit-of-production method.

Investment property

Investment property is measured by using the cost model and is stated at cost less accumulated depreciation and impairment losses. Depreciation of investment property is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related investment property. The estimated useful lives for investment properties are primarily 2 to 50 years.

Intangible assets

Intangible assets include goodwill arising from the acquisition of subsidiaries.
Intangible assets are measured based on the cost model and intangible assets with finite estimated useful lives are stated at cost less accumulated amortization and impairment losses. Goodwill and intangible assets with indefinite estimated useful lives are not amortized and are presented at cost less accumulated impairment losses.
The software is primarily amortized over 5 years using the straight-line method.

Impairment of non-financial assets and investments accounted for using the equity method

Non-financial assets and investments accounted for using the equity method are assessed to determine whether there is any indication of impairment at respective reporting date. If any such indication exists, the recoverable amounts of the non-financial asset and the investment are estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. For investments accounted for using the equity method, the entire carrying amount of the investment is tested for impairment as a single asset.
The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, when the asset generates cash inflows that are largely independent of those from other assets or groups of assets.
Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount with impairment loss recognized in profit or loss. For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in profit and loss only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized. An impairment loss recognized for goodwill is not reversed.

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful effort 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.

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 recoverable amount. Unproved properties are assessed whenever there is an indication of impairment, and if the unproved properties are determined to be impaired, impairment losses are charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on 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 surface 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 in relation to mineral produced during the fiscal year are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs in the same period as the related revenues from the sales of the minerals. On the other hand, post-production stripping costs incurred that relate to mineral to be produced in the subsequent fiscal year are capitalized, and are amortized using either the unit-of-production method or straight-line method based on the proved and probable reserves. As of April 1, 2012, all post-production stripping costs had been accounted for as variable production costs of mineral inventory and expensed as part of costs in the same fiscal year as the related revenues from the sales of the minerals.

Provisions

Provisions are recognized when the companies have a present obligation (legal or constructive) as a result of a past event, it is probable that outflows of resources embodying economic benefits will be required to settle the obligation, and the reliable estimates of the amount of the obligations can be made. Provisions are measured as the best estimate of the amount of expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to their present value using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Asset retirement obligations

The companies recognize costs of dismantling and removing assets mainly related to mining and oil and gas production facilities, and the companies record the provision 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 asset. Over time, the liability is increased to its present value to reflect the passage of time by unwinding the discount each period, and the capitalized cost is depreciated over the useful life of the related asset.

Employee benefits

The companies have early adopted IAS 19 “Employee Benefits” (issued in June 2011, revised in November 2013).

The Company and certain subsidiaries have defined benefit pension plans and severance indemnity plans. The costs of defined benefit pension plans and severance indemnity plans are accrued based on amounts determined using actuarial procedures based on the projected unit credit method. 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 statements of financial position. The remeasurements of defined benefit pension plans are recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition.

The Company and certain subsidiaries also have defined contribution pension plans. Payments to defined contribution pension plans are recognized as an expense when employees have rendered service.

Revenue recognition

Revenue is recognized as follows:

Sales of products

Revenues from sale of products include those arising from the sale 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 and when conditions agreed upon with customers are satisfied. 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, revenue is accounted for by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably, otherwise the companies recognize revenues only to the extent that contract costs incurred are probable to be recovered. Under the percentage-of-completion method, the stage of completion of a construction contract is determined based on the proportion of costs incurred for the contract works to date to the total estimated contract costs.

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 consolidated statement of income.

Rendering of services

Revenues from rendering of services include those arising 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 revenue when the contracted services are rendered to third-party customers pursuant to the agreements.

Other revenue

Other revenues principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, aircraft, 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.

Income taxes

Income taxes comprise current taxes and deferred taxes. Income tax expense is calculated based on profit before income taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and their tax bases, tax loss carryforwards and tax credit carryforwards. These deferred income taxes are measured using the currently enacted or substantively enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and equity accounted investees, unless the companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are applicable to the expected manner of recovery or settlement by the management.

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. The Company's Australian subsidiaries and equity accounted investees apply the market value approach. The Mineral Resource Rent Tax and Petroleum Resource Rent Tax are regarded as an income tax subject to tax effect accounting in accordance with IAS 12 "Income Taxes," and deferred tax assets have been recognized for the operating assets based on the difference in the book values for financial reporting purposes and their tax bases except for the portion that are deemed not to be recoverable. In judgment of recoverability, 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, have been considered.

The companies recognize uncertain tax positions in income taxes in the consolidated financial statements when it is probable that an economic outflow would occur if the tax positions were examined and challenged by tax authorities.

Earnings per share

Basic earnings per share attributable to owners of the parent is computed by dividing profit attributable to owners of the parent by the weighted-average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. Diluted earnings per share attributable to owners of the parent reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

VI. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements which the companies have not yet applied as of March 31, 2014, are mainly as follows. Potential impacts that application of these will have on the consolidated financial statements cannot be reasonably estimated.

IFRS	Title	Reporting periods beginning on or after which the applications are required	Reporting periods of the application by the companies (The reporting period ended)	Summaries of new IFRS and amendments
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Clarification of accounting for levies
IAS36	Impairment of Assets	January 1, 2014	March 31, 2015	Clarification of recoverable amount disclosures for non-financial assets
IFRS9	Financial Instruments: Hedge Accounting	Not stated	March 31, 2015	Comprehensive amendments of requirements for hedge accounting
IFRS11	Joint Arrangements	January 1, 2016	March 31, 2017	Clarification of accounting for acquisitions of interests in joint operations
IAS16	Property, Plant and Equipment	January 1, 2016	March 31, 2017	Clarification that revenues cannot be the basis of depreciation and amortisation
IAS38	Intangible Assets	January 1, 2016	March 31, 2017	
IFRS15	Revenue from Contracts with Customers	January 1, 2017	March 31, 2018	Accounting for recognising revenue from contracts with customers

3. BUSINESS COMBINATIONS

For the year ended March 31, 2014

Total E&P Energia Italia S.r.l

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

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

		Millions of Yen
Current assets	¥	4,491
Property, plant and equipment		101,556
Intangible assets		19,141
Total assets acquired		125,188
Current liabilities		(409)
Non-current liabilities		(26,458)
Total liabilities assumed		(26,867)
Net assets acquired	¥	98,321

Intangible assets are goodwill arising from the above business combination. The goodwill mainly derives from a deferred tax liability based on the difference in the net fair value of assets acquired and liabilities assumed by the above business combination and their book value for tax purpose. The goodwill is non-deductible for tax purpose and has been assigned to the Energy segment.

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

A net cash outflow in cash flows from investing activities of ¥98,321 million arising from the above business combination is included in acquisitions of subsidiaries or other businesses in the Consolidated Statements of Cash Flows for the year ended March 31, 2014.

For the year ended March 31, 2013

Interest of Oil and Gas Concessions in the UK North Sea

On June 22, 2012, Mitsui E&P UK Limited, an 89.34% owned subsidiary of the Company, entered into a definitive agreement with Arco British Limited, a 100% owned subsidiary of BP p.l.c., to acquire the British oil major's working interest in the Alba oil field (percentage interest: 13.30%) and the Britannia gas and condensate field (8.97%) in the UK North Sea area for the purpose of establishing a well-balanced business portfolio and to contribute to the stable supply of energy resources in the region. This acquisition was closed on December 7, 2012. As a result of a post-closing purchase price adjustment, the acquisition cost was ¥22,409 million (U.K. £169 million). The adjusting payment of ¥1,116 million (U.K. £7 million) was paid on April 24, 2013.

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

		Millions of Yen
Current assets	¥	4,050
Property, plant and equipment		29,211
Intangible assets		1,835
Investments and other assets		10,748
Total assets acquired		45,844
Current liabilities		(752)
Non-current liabilities		(22,683)
Total liabilities assumed	¥	(23,435)

Trade receivables recorded at fair value of ¥3,082 million are included in current assets in the table above.

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 cash outflow in cash flows from investing activities of ¥21,293 million arising from the above business combination is included in acquisitions of subsidiaries or other businesses in the Consolidated Statements of Cash Flows for the year ended March 31, 2013.

4. CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries

Major consolidated subsidiaries as of March 31, 2014 were as follows:

Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of voting shares (%)
Mitsui Raw Materials Development Pty. Limited	Investment in Sims Metal Management Ltd., a scrap metal recycler	Australia Melbourne	100.0
Oriente Copper Netherlands B.V.	Investment in and loan to copper business in Chile through Inversiones Mineras Acrux SpA	Netherlands Amsterdam	100.0
Mitsui Coal Holdings Pty. Ltd.	Investments in Australian coal business	Australia Brisbane	100.0
MIZHA ENERGIA PARTICIPACOES S.A.	Investment in power producing business in Brazil	Brazil Rio de Janeiro	100.0
Mitsui E&P Mozambique Area 1 Limited	Exploration, development and production of oil and natural gas in Mozambique	United Kingdom London	50.0
Mitsui E&P USA LLC	Exploration, development and production of oil and gas	U.S.A. Houston	100.0
Mitsui E&P Texas LP	Exploration, development and production of oil and gas	U.S.A. Houston	100.0
Mitsui E&P UK Limited	Exploration, development and production of oil and natural gas in Europe & Africa	United Kingdom London	100.0
Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands Amsterdam	100.0
MITSUI & CO. LNG INVESTMENT LIMITED	Investment in LNG projects	United Kingdom London	100.0
MBK Healthcare Partners Limited	Investment in IHH Healthcare Bhd.	United Kingdom London	100.0
Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A. New York	100.0

Restrictions on transferring cash or others within consolidated group

There are no significant restrictions on transferring cash or other assets in the form of dividends or loans and settling liabilities within the company, consolidated subsidiaries and equity accounted investees.

Changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries

There is no significant gains or losses arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries during the year ended March 31, 2013.
During the year ended March 31, 2014, the companies deconsolidated certain subsidiaries mainly due to the sale of the interests in the subsidiaries to third parties. Through these transactions the companies recognized a net pre-tax gain of ¥16,117 million. This net gain was included in gain (loss) on securities and other investments—net in the Consolidated Statement of Income.

Unconsolidated Structured Entities (Unconsolidated SEs)

The companies are involved with SEs, established for the purpose of financing projects such as oil and gas, by providing guarantees or loans to the SEs. Those SEs provide financing for customers located principally in Latin America and Middle East in the form of leases and loans. Those entities are financed mainly by bank borrowings and issuance of stock.

The total assets of the SEs, the carrying amounts of assets and liabilities in the Consolidated Statements of Financial Position that relate to the companies' interests in the SEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the SEs as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

March 31, 2014:

	Millions of Yen		
	Assets and liabilities that relate to interests in SEs		
Total assets of SEs	Carrying amounts of assets	Carrying amounts of liabilities	Maximum exposure to loss
¥ 359,001	¥ 17,833	–	¥ 22,932

March 31, 2013:

	Millions of Yen		
	Assets and liabilities that relate to interests in SEs		
Total assets of SEs	Carrying amounts of assets	Carrying amounts of liabilities	Maximum exposure to loss
¥ 1,067,771	¥ 26,080	–	¥ 31,497

The date of transition to IFRS:

	Millions of Yen		
	Assets and liabilities that relate to interests in SEs		
Total assets of SEs	Carrying amounts of assets	Carrying amounts of liabilities	Maximum exposure to loss
¥ 1,054,369	¥ 26,236	–	¥ 31,280

Note: The assets that relate to the companies' interests in the SEs are mainly Other investments and Trade and other receivables.

The amount of maximum exposure to loss represents a loss that the companies could incur from financial difficulties of the customers. The amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the SEs and is considered to greatly exceed the anticipated loss.

The maximum exposure to loss that relates to the companies' interests in the SEs represents the amounts of investments, loans and guarantees provided by the companies to the SEs as of March 31, 2014, 2013 and the date of transition to IFRS respectively.

The companies did not provide any financial support to the SEs for the years ended March 31, 2014 and 2013.

Consolidated Structured Entities (Consolidated SEs)

There is no consolidated SE as of March 31, 2014 and 2013.

The companies held senior investment securities of a structured entity whose operation was real estate development ("the SE"), which was consolidated by the companies as of April 1, 2012. The companies deconsolidated the SE as the securities were no longer held by the companies as of March 31, 2013.

The companies also had an agreement that the companies provide financial support to the SE by purchasing additional beneficial interest securities of the SE if any breach of loan contract by the SE occurs. The agreement was subsequently expired.

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Primary investees over which the companies have the ability to exercise significant influence despite ownership percentage of less than 20% are as follows:

The investment in Valepar S.A. (18.24%) is accounted for under the equity method because of the Company's ability to exercise significant influence over operating and financial policies primarily through the board representation and veto power over significant operating and financial decisions through the board of directors. As the sole operating company among the shareholders, which consist primarily of pension funds and financial institutions, the Company utilizes its experience and expertise in operating businesses and substantively participates in the decision-making processes.

The investment in Sims Metal Management Limited (17.68%) is accounted for under the equity method because the companies are the largest and sole shareholder to have a board designation right and the top up right, which enable the companies to increase their share in the event of dilution so that the companies are able to retain proportionate share after the dilutive event, and the companies have the ability to exercise significant influence over operating and financial policies primarily through board representation and membership in various advisory committees to the board, such as the Finance and Investment Committee.

The companies are the second largest shareholder group of Penske Automotive Group, Inc. ("PAG", 17.18 %) and entered into a shareholders agreement with the largest shareholder group owning approximately 34% of its voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies' ability to exercise significant influence over operating and financial policies primarily through board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies' global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in the decision-making processes.

The carrying amount of the investments accounted for using the equity method for the years ended March 31, 2014, 2013 and the date of transition to IFRS, consisted of the following:

	Millions of Yen		
	2014	**2013**	**2012**
Associated companies	¥ 1,433,407	¥ 1,343,760	¥ 1,155,566
Joint ventures	1,015,441	711,325	305,848
Total	¥ 2,448,848	¥ 2,055,085	¥ 1,461,414

Share of profit and other comprehensive income (before income tax effect) of the equity accounted investees for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
Profit for the year				
Associated companies	¥	77,902	¥	114,868
Joint ventures		93,337		68,205
Total	¥	171,239	¥	183,073
Other comprehensive income				
Associated companies	¥	39,943	¥	121,285
Joint ventures		63,861		52,073
Total	¥	103,804	¥	173,358
Total comprehensive income	¥	275,043	¥	356,431

Dividends received from equity accounted investees for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
Associated companies	¥	74,866	¥	51,862
Joint ventures		77,615		63,982
Total	¥	152,481	¥	115,844

The carrying value of the investments accounted for using the equity method exceeded the companies' equity in the underlying net assets of those companies. The amounts of such excess value for the years ended March 31, 2014, 2013 and the date of transition to IFRS, were as follows:

	Millions of Yen					
	2014		2013		2012	
Associated companies	¥	75,751	¥	91,241	¥	79,449
Joint ventures		79,224		31,888		11,980
Total	¥	154,975	¥	123,129	¥	91,429

The excess is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments mainly relate to property and equipment which consist primarily of mineral rights amortized over their respective estimated useful lives, principally 3 to 47 years, using either the straight-line or the unit-of-production method.

Investments in common stock of publicly traded associated companies include marketable equity securities carried at ¥274,833 million, ¥259,792 million and ¥155,524 million at March 31, 2014, 2013 and the date of transition to IFRS, respectively. Corresponding aggregate quoted market values were ¥426,843 million, ¥414,382 million and ¥209,991 million, respectively. There is no investment in common stock of publicly traded joint venture.

For the year ended March 31, 2014, the companies reversed an impairment loss of ¥8,407 million of an investment accounted for using the equity method in the Machinery & Infrastructure Segment due to recovery of market price and recognized in profit on securities and other investments in consolidated statements of income. The amount that reversed an impairment loss is calculated on basis of its recoverable amount measured at fair value less costs to sell, based on the market price at the measurement date.

For the years ended March 31, 2014 and 2013, the companies recognized impairment losses of investment accounted for using the equity method of ¥8,849 million and ¥4,620 million, respectively, in loss on securities and other investments in consolidated statements of income due to decline of market price.

The amounts of outstanding balances of receivables and payables in the equity accounted investees for the years ended March 31, 2014, 2013 and the date of transition to IFRS, were as follows:

	Millions of Yen					
	2014		2013		2012	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Associated companies...	¥ 297,106	¥ 93,959	¥ 263,916	¥ 75,418	¥ 231,466	¥ 90,358
Joint ventures................	54,191	41,447	68,370	12,390	58,388	14,844
Total.......................	¥ 351,297	¥ 135,406	¥ 332,286	¥ 87,808	¥ 289,854	¥ 105,202

Prior to the fiscal year ended March 31, 2014, the Company reached an agreement with Vale S.A. (“Vale”) to acquire 20% equity of VLI S.A. (“VLI”), operating integrated logistics business as a 100% subsidiary of Vale, by purchasing shares from Vale, which is a subsidiary of Valepar S.A., the equity method investee, and subscribing a part of the new shares through an allocation of new shares from VLI. The transaction was to occur upon satisfaction of certain conditions, including obtaining approvals from Brazilian regulatory authorities, and the commitment amount for the year ended March 31, 2014 is ¥68,694 million.
Subsequent to the year end, on April 14, 2014, the Company’s acquisition of 20% equity of VLI was finalized.

The companies’ revenues and purchases in cost of revenues from the equity accounted investees for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	2013
Revenues		
Associated companies..................................	¥ 46,651	¥ 45,377
Joint ventures...	2,537	3,303
Total...	¥ 49,188	¥ 48,680
Purchases		
Associated companies..................................	¥ 58,828	¥ 37,073
Joint ventures	59,384	44,488
Total...	¥ 118,212	¥ 81,561

6. SEGMENT INFORMATION

IFRS 8 “Operating Segments” requires disclosure of financial and descriptive information regarding operating segments, which are components of an entity whose operating results are regularly reviewed by the entity’s chief operating decision maker in deciding about resources to be allocated to the segment and assessing its performance.

The Company is operated through business units, determined based on their products and services, which plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for products and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified business together with their affiliated companies in collaboration with the business units.

Therefore, the companies’ operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of the regional business units. The companies’ operating segments have been aggregated based on the nature of the products and other criteria into seven product-focused reportable segments and three region-focused reportable segments, totaling ten reportable segments.

The reportable segments of the Company are as follows:

“Iron & Steel” Products manufactures, sells and trades iron & steel products in Japan and abroad.

“Mineral & Metal Resources” is engaged in overseas development of iron and non-ferrous metal resources, and produces, sells and trades raw materials and metal products in Japan and abroad.

“Machinery & Infrastructure” is engaged in manufacturing, sales and trading, leasing and financing of plant and machinery, as well as infrastructure businesses such as power generation in Japan and abroad.

“Chemicals” manufactures, sells and trades chemical products in Japan and abroad.

“Energy” is engaged in overseas development of oil and gas resources, and manufactures, sells and trades oil, gas, coal and related products in Japan and abroad.

“Lifestyle” manufactures, sells, and trades foods, consumer products and materials, and engages in healthcare, real estate, service and media businesses in Japan and abroad.

“Innovation & Corporate Development” engages in information and communication, logistics, insurance and financial businesses in Japan and abroad.

“Americas”, “Europe, the Middle East and Africa”, and “Asia Pacific” trade in various commodities and conduct related business led by overseas trading subsidiaries or offices located in each region.

The companies’ operating segment information, product information and geographic area information for the years ended March 31, 2014, 2013 and the date of transition to IFRS presented in conformity with IFRS 8 were as follows:

Segment information

Year ended March 31, 2014:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 220,068	¥ 791,197	¥ 410,155	¥ 943,198	¥ 1,454,254	¥ 890,587	¥ 103,215
Gross Profit	¥ 51,130	¥ 200,892	¥ 114,743	¥ 80,527	¥ 199,834	¥ 113,979	¥ 22,579
Operating Income (Loss)	¥ 13,580	¥ 159,141	¥ (9,502)	¥ 10,709	¥ 141,893	¥ (15,408)	¥ (37,089)
Share of Profit of Investments Accounted for Using the Equity Method	¥ 5,395	¥ 37,990	¥ 24,400	¥ 8,606	¥ 60,087	¥ 19,289	¥ 4,879
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 14,583	¥ 88,052	¥ 17,146	¥ 8,370	¥ 188,441	¥ 12,096	¥ (12,258)
Total Assets at March 31, 2014	¥ 567,741	¥ 1,970,858	¥ 1,872,585	¥ 765,751	¥ 2,478,158	¥ 1,495,387	¥ 496,533
Investments accounted for using the equity method at March 31, 2014	¥ 71,397	¥ 869,570	¥ 564,933	¥ 77,260	¥ 286,635	¥ 262,687	¥ 71,549
Depreciation and Amortization	¥ 1,361	¥ 42,908	¥ 17,243	¥ 7,359	¥ 111,802	¥ 10,922	¥ 5,228
Capital additions to Non-current assets	¥ 1,461	¥ 96,051	¥ 24,645	¥ 22,146	¥ 204,907	¥ 14,882	¥ 5,865

Year ended March 31, 2014:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 699,622	¥ 108,663	¥ 109,079	¥ 5,730,038	¥ 1,884	¥ (4)	¥ 5,731,918
Gross Profit	¥ 78,725	¥ 18,752	¥ 12,469	¥ 893,630	¥ 794	¥ (14,318)	¥ 880,106
Operating Income (Loss)	¥ 13,829	¥ (2,296)	¥ (6,889)	¥ 267,968	¥ (7,383)	¥ 44,650	¥ 305,235
Share of Profit of Investments Accounted for Using the Equity Method	¥ 4,039	¥ 1,384	¥ 4,525	¥ 170,594	¥ 365	¥ 280	¥ 171,239
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 13,668	¥ 397	¥ 30,682	¥ 361,177	¥ 11,004	¥ (22,088)	¥ 350,093
Total Assets at March 31, 2014	¥ 568,772	¥ 105,907	¥ 345,074	¥10,666,766	¥ 5,037,172	¥(4,212,619)	¥ 11,491,319
Investments accounted for using the equity method at March 31, 2014	¥ 57,799	¥ 14,010	¥ 192,463	¥ 2,468,303	¥ 556	¥ (20,011)	¥ 2,448,848
Depreciation and Amortization	¥ 8,072	¥ 663	¥ 547	¥ 206,105	¥ 13,041	¥ 1	¥ 219,147
Capital additions to Non-current assets	¥ 17,430	¥ 459	¥ 8,484	¥ 396,330	¥ 10,519	¥ (333)	¥ 406,516

Year ended March 31, 2013:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 214,059	¥ 629,495	¥ 376,246	¥ 747,589	¥ 1,280,504	¥ 816,106	¥ 121,067
Gross Profit	¥ 42,218	¥ 162,666	¥ 109,685	¥ 70,685	¥ 203,157	¥ 114,351	¥ 31,733
Operating Income (Loss)	¥ 2,665	¥ 125,619	¥ (9,542)	¥ 7,055	¥ 150,741	¥ (4,136)	¥ (26,905)
Share of Profit of Investments Accounted for Using the Equity Method	¥ 3,405	¥ 49,044	¥ 32,541	¥ 6,365	¥ 53,569	¥ 15,316	¥ 12,724
Profit (Loss) for the Year Attributable to Owners of the parent	¥ (3,184)	¥ 94,493	¥ 20,644	¥ 961	¥ 145,475	¥ 13,009	¥ 5,077
Total Assets at March 31, 2013	¥ 557,379	¥ 1,745,947	¥ 1,580,411	¥ 754,705	¥ 2,231,332	¥ 1,382,545	¥ 536,774
Investments accounted for using the equity method at March 31, 2013	¥ 30,977	¥ 799,187	¥ 362,565	¥ 73,928	¥ 256,284	¥ 235,383	¥ 83,338
Depreciation and Amortization	¥ 1,819	¥ 32,530	¥ 11,121	¥ 7,976	¥ 97,192	¥ 11,992	¥ 5,363
Capital additions to Non-current assets	¥ 2,540	¥ 120,277	¥ 21,192	¥ 22,872	¥ 199,420	¥ 15,967	¥ 4,228

Year ended March 31, 2013:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 547,116	¥ 95,118	¥ 82,922	¥ 4,910,222	¥ 1,902	¥ (6)	¥ 4,912,118
Gross Profit	¥ 66,000	¥ 15,646	¥ 10,513	¥ 826,654	¥ 935	¥ (13,450)	¥ 814,139
Operating Income (Loss)	¥ 11,990	¥ (3,673)	¥ (5,936)	¥ 247,878	¥ (1,289)	¥ 38,260	¥ 284,849
Share of Profit of Investments Accounted for Using the Equity Method	¥ 4,736	¥ 421	¥ 4,936	¥ 183,057	–	¥ 16	¥ 183,073
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 10,101	¥ 3,042	¥ 25,308	¥ 314,926	¥ 7,515	¥ (25,818)	¥ 296,623
Total Assets at March 31, 2013	¥ 509,386	¥ 115,806	¥ 328,436	¥ 9,742,721	¥ 4,787,114	¥(3,752,561)	¥10,777,274
Investments accounted for using the equity method at March 31, 2013	¥ 48,860	¥ 10,383	¥ 180,371	¥ 2,081,276	¥ (431)	¥ (25,760)	¥ 2,055,085
Depreciation and Amortization	¥ 6,218	¥ 663	¥ 414	¥ 175,288	¥ 15,288	¥ (2,176)	¥ 188,400
Capital additions to Non-current assets	¥ 16,153	¥ 861	¥ 417	¥ 403,927	¥ 8,561	¥ (110)	¥ 412,378

The date of transition to IFRS April 1, 2012:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Total Assets	¥ 578,060	¥1,239,499	¥1,407,897	¥ 729,406	¥2,032,169	¥ 1,286,401	¥ 479,529
Investments accounted for using the equity method	¥ 26,140	¥ 521,178	¥ 247,708	¥ 67,878	¥ 123,604	¥ 212,388	¥ 87,784

The date of transition to IFRS April 1, 2012:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Total Assets	¥ 435,698	¥ 104,514	¥ 284,025	¥8,577,198	¥4,010,131	¥(3,093,525)	¥9,493,804
Investments accounted for using the equity method	¥ 39,360	¥ 6,712	¥ 140,285	¥1,473,037	¥ (3,119)	¥ (8,504)	¥1,461,414

Notes: (1) "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and affiliated companies. Total assets of "All Other" at March 31, 2014, 2013 and the date of transition to IFRS consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.

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

(3) Profit (Loss) for the Year Attributable to Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments and eliminations of intersegment transactions.
Profit (Loss) for the Year Attributable to Owners of the parent of "Adjustments and Eliminations" for the years ended March 31, 2014 and 2013 include ¥30,003 million (loss) and ¥34,040 million (loss) respectively related to tax items including adjustments of the difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts.

(4) Operating Income (Loss) reflects the companies' (a) gross profit and (b) selling, general and administrative expenses as presented in the Consolidated Statements of Income.

Product information

	Iron and Steel	Non-Ferrous Metals	Machinery	Electronics & Information	Chemicals	Energy
	Millions of Yen					
Year ended March 31, 2014:						
Revenue	¥ 904,681	¥ 290,296	¥ 469,411	¥ 60,095	¥1,295,552	¥ 1,462,113
Year ended March 31, 2013:						
Revenue	¥ 769,127	¥ 227,506	¥ 432,596	¥ 77,156	¥1,061,024	¥ 1,299,619

	Foods	Textiles	General Merchandise	Property and Service Business	Consolidated Total
	Millions of Yen				
Year ended March 31, 2014:					
Revenue	¥ 1,045,298	¥ 19,890	¥ 28,466	¥ 156,116	¥ 5,731,918
Year ended March 31, 2013:					
Revenue	¥ 853,538	¥ 23,767	¥ 32,694	¥ 135,091	¥ 4,912,118

Geographic area information

	Japan	United States	Singapore	Australia	All Other	Consolidated Total
	Millions of Yen					
Year ended March 31, 2014:						
Revenue	¥ 2,526,034	¥ 817,676	¥ 847,780	¥ 486,551	¥ 1,053,877	¥ 5,731,918
Year ended March 31, 2013:						
Revenue	¥ 2,435,415	¥ 636,862	¥ 473,360	¥ 430,374	¥ 936,107	¥ 4,912,118

Note: Revenues are attributed to countries based on the location of sellers.

	Millions of Yen					
	Australia	Japan	United States	Thailand	All Other	Consolidated Total
At March 31, 2014:						
Non-current assets	¥ 627,000	¥ 399,762	¥ 517,023	¥ 201,203	¥ 615,800	¥ 2,360,788
At March 31, 2013:						
Non-current assets	¥ 609,820	¥ 438,463	¥ 410,399	¥ 151,864	¥ 442,205	¥ 2,052,751
At April 1, 2012:						
Non-current assets	¥ 494,283	¥ 447,139	¥ 228,754	¥ 141,293	¥ 336,989	¥ 1,648,458

Note: Financial instruments and deferred tax assets are excluded from Non-current assets.

There were no individual material customers with respect to revenues for the years ended March 31, 2014 and 2013.

7. RECEIVABLES AND RELATED ALLOWANCES

Changes in allowance for doubtful receivables

The analysis of the changes in allowance for doubtful receivables for the years ended March 31, 2014 and 2013 is as follows. The allowance for doubtful receivables shown in the following table includes those for short-term trade receivables.

	Millions of Yen					
Year ended March 31, 2014:	**Corporate Businesses**		**Retail Finance Business**		**Total**	
Balance at beginning of year	¥	47,573	¥	6,216	¥	53,789
Credits charged off		(5,082)		(6,967)		(12,049)
Provision for doubtful receivables.		2,644		7,571		10,215
Others		404		(407)		(3)
Balance at end of year	¥	45,539	¥	6,413	¥	51,952

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					
Year ended March 31, 2013:	**Corporate Businesses**		**Retail Finance Business**		**Total**	
Balance at beginning of year	¥	45,038	¥	9,625	¥	54,663
Credits charged off		(3,652)		(15,716)		(19,368)
Provision for doubtful receivables.		2,980		11,784		14,764
Others		3,207		523		3,730
Balance at end of year	¥	47,573	¥	6,216	¥	53,789

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, 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 receivables every quarter by classifying the receivables into two categories, performing receivables and nonperforming receivables. Certain receivables are classified as nonperforming receivables in accordance with an internal guideline for managing receivables. Receivables from counterparties that meet any of the following conditions are classified as nonperforming 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, and also those who have suffered from tremendous losses due to natural disasters, sudden changes in economic conditions, or similar catastrophes.

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

The companies classify receivables other than nonperforming receivables as performing receivables. Companies engaged in financial business with retail customers ("retail finance business") assess and monitor receivables every quarter by dates past due.

The amounts of recorded investments in receivables classified by Credit Quality Indicators as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

Corporate Businesses

	Millions of Yen		
	2014	2013	2012
Performing	¥ 2,532,446	¥ 2,463,449	¥ 2,386,145
Nonperforming	41,119	42,568	41,405
Total	¥ 2,573,565	¥ 2,506,017	¥ 2,427,550

Retail Finance Business

	Millions of Yen		
	2014	2013	2012
Less than 30 days past due (including not past due)	¥ 128,539	¥ 120,554	¥ 119,739
30-89 days past due	4,468	4,843	5,704
90-179 days past due	2,936	2,944	4,072
180-359 days past due	2,481	1,311	5,121
360 days or more past due	1,474	1,739	1,124
Total	¥ 139,898	¥ 131,391	¥ 135,760

Receivables that are past due, but not impaired

The age analysis of receivables that are past due, but not impaired as of March 31, 2014, 2013 and the date of transition to IFRS are as follows. The amounts of receivables of the companies engaged in retail finance business that are past due, but not impaired were immaterial.

Corporate Businesses

	Millions of Yen		
	2014	2013	2012
Less than 90 days past due	¥ 91,318	¥ 75,836	¥ 80,352
90 days or more past due	21,821	32,922	40,358
Total	¥ 113,139	¥ 108,758	¥ 120,710

Impaired receivables

The amounts of recorded investments in impaired receivables as of March 31, 2014, 2013 and the date of transition to IFRS were as follows. The carrying amounts of individually impaired receivables in the retail finance business were immaterial.

Corporate Businesses

	Millions of Yen					
	2014		2013		2012	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for doubtful accounts	¥ 59,753	¥ 35,924	¥ 65,187	¥ 38,536	¥ 48,733	¥ 32,665
Without allowance for doubtful accounts.........	473	–	817	–	1,780	–
Total.................................	¥ 60,226	¥ 35,924	¥ 66,004	¥ 38,536	¥50,513	¥ 32,665

8. DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS

(1) Trade and other receivables, and other financial assets
Trade and other receivables, and other financial assets as of March 31, 2014, 2013 and the date of transition to IFRS were measured at amortized cost except derivative assets, and consisted of the following:

	Millions of Yen		
	2014	2013	2012
Current			
Trade and other receivables			
Accounts and notes....................................	¥ 1,847,232	¥ 1,814,016	¥ 1,843,907
Loans	100,504	102,371	109,535
Receivables from equity accounted investees	107,681	112,747	94,482
Other financial assets			
Time deposits..	5,964	4,740	4,130
Accounts receivables-other........................	99,219	79,829	91,399
Derivative assets	114,519	110,860	123,125
Other...	51,586	43,631	60,012
Allowances for doubtful receivables	¥ (14,562)	¥ (16,426)	¥ (17,823)
Total..	¥ 2,312,143	¥ 2,251,768	¥ 2,308,767
Non-current			
Trade and other receivables			
Accounts and notes....................................	¥ 134,555	¥ 143,178	¥ 130,182
Loans	211,964	183,765	112,289
Receivables from equity accounted investees	161,102	146,379	136,702
Other...	649	701	592
Other financial assets			
Time deposits..	3,438	5,542	13,062
Accounts receivables-other........................	16,914	24,607	15,758
Derivative assets	56,582	78,465	57,145
Other...	39,364	37,880	38,714
Allowances for doubtful receivables	¥ (37,390)	¥ (37,363)	¥ (36,840)
Total	¥ 587,178	¥ 583,154	¥ 467,604

(2) Other investments

The carrying amounts of other investments as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

	Millions of Yen		
	2014	2013	2012
Other investments			
Financial assets measured at FVTPL	¥ 42,890	¥ 53,991	¥ 39,888
Financial assets measured at FVTOCI	1,507,561	1,338,212	1,211,095
Amortized cost	4,222	3,583	2,279
Total	¥ 1,554,673	¥ 1,395,786	¥ 1,253,262

(Note) Preferred stock issued by equity accounted investee, which was contained in financial assets measured at FVTOCI as of March 31, 2014, 2013 and the date of transition to IFRS, were ¥50,654 million, ¥40,824 million, and ¥29,861 million, respectively.

Financial assets measured at FVTOCI which were contained in other investments

The fair value of financial assets measured at FVTOCI as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

	Millions of Yen		
	2014	2013	2012
Marketable	¥ 516,968	¥ 444,120	¥ 410,646
Non-marketable	990,593	894,092	800,449
Total	¥ 1,507,561	¥ 1,338,212	¥ 1,211,095

The fair value of major items of these marketable financial assets measured at FVTOCI as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

	Millions of Yen		
	2014	2013	2012
INPEX CORPORATION	¥ 71,173	¥ 75,380	¥ 92,101
Seven & i Holdings Co., Ltd.	64,285	50,760	40,038
TonenGeneral Sekiyu K. K.	32,796	–	–
MODEC, INC.	18,173	19,258	11,911
Yamato Kogyo Co., Ltd.	14,794	12,630	3,781
Yamaha Motor Co., Ltd.	14,123	11,076	9,522
Coca-Cola East Japan Co., Ltd.	13,573	–	–
Burberry Group plc	11,403	12,408	12,823
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	11,198	–	–
Nihon Unisys, Ltd.	9,887	8,045	–
Mitsui Fudosan Co., Ltd.	9,447	7,917	4,749
Toray Industries, Inc.	9,395	8,762	8,458
Mitsui Engineering & Shipbuilding Co., Ltd.	9,361	7,129	6,184
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	9,175	6,042	5,291
TOYOTA MOTOR CORPORATION	8,739	7,290	5,355
POSCO	7,290	13,324	13,279
Nippon Steel & Sumitomo Metal Corporation	6,937	5,781	–
KATO SANGYO Co., Ltd.	6,921	6,123	5,152
A10 NETWORKS, Inc.	6,917	–	–
QIWI plc	6,117	–	–

Non-marketable financial assets measured at FVTOCI were mainly composed of six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) and the fair value of them as of March 31, 2014, 2013 and the date of transition to IFRS were ¥563,589 million, ¥563,877 million, and ¥525,368 million, respectively.

Derecognized financial assets measured at FVTOCI

The fair value, gains and losses, and dividends received related to financial assets measured at FVTOCI which were derecognized because of review of business strategy as of March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
Fair value of the financial assets at the date of derecognition	¥	90,874	¥	72,742
Cumulative gains and losses on disposition	¥	23,559	¥	5,150
Dividends received from derecognized financial assets	¥	3,451	¥	668

(3) Gain (Loss) on securities and other investments-net

Gain (Loss) on securities and other investments-net for the years ended March 31, 2014 and 2013 that the companies recognized were as follows:

	Millions of Yen			
	2014		2013	
Gain (Loss) on securities and other investments-net				
Financial assets measured at FVTPL..........	¥	3,234	¥	1,747
Affiliated companies		27,582		18,713
Total..	¥	30,816	¥	20,460

(4) Finance income and costs

The finance income and finance costs for the years ended March 31, 2014 and 2013 that the companies recognized were as follows:

	Millions of Yen			
	2014		2013	
Interest income				
Amortized cost	¥	38,159	¥	42,422
Derivatives		(4,515)		(2,154)
Total..	¥	33,644	¥	40,268
Dividend income				
Financial assets measured at FVTOCI	¥	123,690	¥	80,435
Financial assets measured at FVTPL..........		336		203
Total..	¥	124,026	¥	80,638
Interest expense				
Amortized cost	¥	(57,695)	¥	(65,222)
Derivatives		8,519		18,583
Total..	¥	(49,176)	¥	(46,639)

In addition to those shown in the table above, interest income of ¥34,096 million and ¥31,974 million on financial assets measured at amortized cost is included in "Other revenue" and interest expenses of ¥9,812 million and ¥9,054 million on financial liabilities measured at amortized cost are included in "Cost of other revenue" for the years ended March 31, 2014 and 2013, respectively, relative to mainly personal loan business.

Fee income and expense arising from financial assets measured at amortized cost are immaterial.

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

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair

values of non-current receivables with fixed rate and long-term debt with fixed rate are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.
The fair values of financial instruments as of March 31, 2014, 2013 and the date of transition to IFRS were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts are approximately the same as its fair values reasonably.

	Millions of Yen					
	2014		2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Investments and non-current receivables						
Trade and other miscellaneous receivables.	¥ 530,596	¥ 533,089	¥ 504,689	¥ 513,423	¥ 410,459	¥ 421,997
Non-current liabilities						
Long-term debts (non-current portion) and other miscellaneous liabilities	¥ 4,035,867	¥ 4,116,887	¥ 3,685,983	¥ 3,778,767	¥ 3,343,523	¥ 3,429,564

Trade and other miscellaneous receivables include loans receivable. Long-term debts (non-current portion) and other miscellaneous liabilities include borrowings and bonds. Fair values of trade and other receivables classified as level 3 were ¥204,400 million, ¥178,562 million, and ¥46,686 million as of March 31, 2014, 2013 and the date of transition to IFRS, respectively. Their valuation is based on significant unobservable inputs such as credit spreads, default probabilities, and estimated loss rates of individual receivables using the discounted cash flow method. Items other than said loans and certain other items are classified as level 2 as their fair values are measured using the discounted cash flow method based on observable inputs including market interest rates.

(6) Risk-related matters

Capital management

The Company decides the policies to maintain appropriate levels of shareholders' equity, debt and equity balances, examines the status of execution in terms of stability for capital efficiency as well as financing when the Company acquires high-quality assets to improve enterprise value and utilize existing assets. Shareholders' equity is the total equity attributable to owners of the parent in the Consolidated Statements of Financial Position. The Company also examines the scale of shareholders' equity in terms of risk buffer to maximum exposure to potential losses due to a deterioration of the respective business.
The key metrics used for capital management are as follows:

・Return on equity (ROE) (*)
・Net Debt-to-Equity Ratio (Net DER) (**)
・Ratio of risk adjusted assets to shareholder's equity (***)

(*) ROE refers to ratio of profit for the year attributable to the owner of the parent to shareholders' equity. ROE as of March 31, 2014 and 2013 were 9.7% and 9.4%, respectively.

(**) Net DER refers to ratio of net interest bearing debt to shareholders' equity. Net interest bearing debt is calculated by subtracting cash and cash equivalents and time deposits from interest bearing debt. Net DER as of March 31, 2014 and 2013 were 0.83 times and 0.80 times, respectively.

(***) Risk-adjusted assets refers to the maximum loss exposure and is calculated by assigning assets including trade and other receivables, other investments and fixed assets risk weights, which the companies have determined individually based on the potential risk of loss.

The Company checks these indicators periodically, and these are used for developing business policy and business judgment.
As a result, the Company maintains the robust balance sheet and credit rating is enough for business projects. The Company will strive to maintain and upgrade its credit rating.
The Company is not subject to any externally imposed capital requirements (except for general requirements, such as those in the Company Law).

Risk management

・Credit risk

With regard to the contingent characteristics of credit risks included in derivative instruments, some of the derivative instruments used by the Company and certain subsidiaries such as commodity futures, commodity forwards, commodity swaps, and commodity options may include clauses that prescribe

changes in the minimum required collateral (margins) or early termination in accordance with the credit ratings of the company. If the credit ratings of the Company are downgraded, the counterparty will claim additional collateral from the Company and certain subsidiaries to cover the whole or part of the amount of the relevant derivative obligations in accordance with such clauses.
See Note7"RECEIVABLES AND RELATED ALLOWANCES" in the notes to the consolidated financial statements for credit risks of financial instruments other than derivative instruments.
Concentration of credit risk in specific regions or customers is minimized as the companies carry out a wide variety of transactions with various customers all over the world. The companies also minimize credit risks of derivative instruments associated with, for example, counterparty defaults by entering into these transactions mainly with reputable international financial institutions with high credit ratings. Therefore, the companies believe that it is extremely unlikely of a significant loss arising from these transactions. We manage credit risks through the management of commitment lines of credit approved by executive offices in charge and counterparty monitoring conducted on an ongoing basis. In addition, the companies require collateral and/or other forms of security from counterparties as necessary.

・Liquidity risk
Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lender or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity. The companies secure liquidity required for our smooth operations and maintain the strength and soundness of our balance sheet by holding sufficient cash and cash equivalents, procuring mainly long funds, utilizing financing programs provided by government financing agencies and/or project financing and such so that the companies decrease liquidity risk.

・Market risks
The companies are subject to market risks associated with fluctuations in interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of their operating activities and other activities.
The companies have formulated market risk management policies, and have established management systems at several levels. In particular, regarding foreign currency exchange risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits to positions and losses, as well as prescribing management systems, at each business unit. They also have the responsibility of obtaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent form trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge. Interest rate risk is not managed by independent risk management sections, but is managed by setting transaction limits and other manners. Stock price risk is managed by analyzing factors of stock price fluctuations.

①Interest rate risk
The companies are exposed to interest rate risk arising from floating-rate assets and liabilities. The companies have entered into interest rate derivative transactions which consist mainly of interest rate swap agreements and interest rate and currency swap agreements to hedge exposures on these assets and liabilities.
The impact on profit before income taxes for the prior and current fiscal years assuming a 100 basis point rise in interest rates as of March 31, 2014 and 2013 is ¥(16,837) million and ¥(12,563) million respectively. This analysis calculates the impact by multiplying the balance of floating-rate financial instruments held by the companies at the end of the prior and current fiscal years by 100 basis point without considering future changes in the balance, the effect of exchange rate fluctuations, the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts, etc., and assuming that all other variables are constant.
The items that are considered to be instruments that are affected by interest rate fluctuations for the purpose of calculating the sensitivity include floating-rate interest-bearing debts/loans, fixed-rate interest-bearing debts/loans that are effectively converted to floating-rate instruments under interest rate swap agreements, cash and cash equivalents and such.

②Foreign currency exchange rate risk
The companies are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities

and financial transactions. The companies hedge these risks with forward exchange contracts, currency swaps and cross-currency interest rate swaps.
For significant long and short net positions denominated in foreign currencies as of March 31, 2014 and 2013, assuming 1% appreciation of the Yen, the impact on profit before income taxes were ¥(274)million from USD, ¥(869) million from BRL and ¥371million from AUD as of March 31, 2014 and ¥(710) million from BRL as of March 31, 2013. Based on the same assumption, the impact on other comprehensive income were ¥(309) million from USD as of March 31, 2014 and ¥(374) million from USD as of March 31, 2013. The long and short positions denominated in foreign currencies indicate that they are in currencies other than that of their functional currency of each company. In this context, the long positions represent the condition in which certain losses occur due to decline in the value of the currency, and the short positions represent the condition in which certain gains occur due to increase in the value of the currency. As a result, foreign currency translation adjustment is not included in the scope of this analysis. In addition, this analysis also assumes that other variables are constant.

③Commodity price risk
As the companies carry out business activities pertaining to commodities such as non-ferrous metals, crude oil and gas, and foods, they are exposed to risks on commodity prices.
The companies measure the risk of market commodities which are those commodities historical price fluctuations are quite high and derivatives are actively traded by using the Value at Risk (VaR), which is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidential level. VaR is calculated by mainly using a 10-day holding period and a confidence level of 99%. In addition, the figures do not necessarily take into account correlations between all commodities. The actual results may differ significantly from VaR below as VaR is calculated by using historical fluctuations of each risk component. VaR as of March 31, 2014 and 2013 is ¥21,082 million and ¥16,664 million respectively.

④Stock price risk
The companies invest in listed companies to strengthen our ties with customers, suppliers and others, as well as to make various types of propositions towards the companies in which we invest, in order to pursue operating revenue and improve corporate value. These investments are exposed to stock price risks.
For the investments held as of March 31, 2014 and 2013, the impact on other comprehensive income arising from changes in the fair values assuming a 10 % change in the stock index representative of the markets on which individual stocks included in are ¥47,107 million and ¥40,642 million respectively. The impact on profit before taxes is immaterial.

(7) Derivative instruments and hedging activities

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.

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 is used to measure the market risks of derivative instruments for trading purposes.

Derivative instruments for hedging purposes

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 gas, and foods.

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, 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 years ended March 31, 2014 and 2013.

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 mainly as interest expense. These amounts were immaterial for the years ended March 31, 2014 and 2013.

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 other components of equity are reclassified into earnings mainly as sale of products and other income (expenses)-net 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 other components of equity are reclassified into earnings mainly as interest 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 other components of equity are reclassified into earnings mainly as sale of products when earnings are affected by the hedged transactions.

The amounts recorded as OCI were immaterial for the years ended March 31, 2014 and 2013.

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. These amounts were immaterial for the years ended March 31, 2014 and 2013. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other components of equity is recognized immediately in profit or loss.

The period when the cash flows are expected to occur and when they are expected to affect profit or loss is from April 2014 until November 2032.

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 reduce 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. The amounts in other components of equity are reclassified into earnings mainly as gain (loss) on securities and other investments—net when the related investment is sold completely or partially, or the liquidation of the investment is completed. 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 recorded in earnings mainly as other income (expenses)-net immediately. The amounts of reclassification into earnings, ineffective portion and derivative instruments' gain or loss excluded from the assessment of hedge effectiveness were immaterial for the years ended March 31, 2014 and 2013.

The following table presents the fair value of derivative instruments designated as hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2014, 2013 and the date of transition to IFRS:

		Millions of Yen					
Derivative instruments		**March 31, 2014**		**March 31, 2013**		**April 1, 2012**	
		Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedges							
Foreign exchange contracts	Current	¥ 196	¥ 367	¥ 500	¥ –	¥ 2,226	¥ –
	Non-current	494	–	2,110	–	4,366	157
Interest rate contracts	Current	400	16	697	–	451	4
	Non-current	20,611	229	27,643	150	23,470	464
Commodity contracts	Current	–	–	–	–	23	22
Fair value hedges Total		21,701	612	30,950	150	30,536	647
Cash flow hedges							
Foreign exchange contracts	Current	9,056	1,041	6,365	585	1,725	1,623
	Non-current	5,320	204	1,983	129	1,796	770
Interest rate contracts	Current	5	140	5	89	–	168
	Non-current	4,656	6,419	816	10,723	480	7,355
Commodity contracts	Current	53	223	52	58	66	130
Cash flow hedges Total		19,090	8,027	9,221	11,584	4,067	10,046

Derivative instruments		Millions of Yen					
		March 31, 2014		March 31, 2013		April 1, 2012	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Hedges of the net investment in a foreign operation							
Foreign exchange contracts	Current	364	19,322	994	30,810	4,418	190
	Non-current	2,046	18,348	2,439	17,796	9,240	174
Hedges of the net investment in a foreign operation Total		2,410	37,670	3,433	48,606	13,658	364
Total		¥43,201	¥ 46,309	¥43,604	¥ 60,340	¥48,261	¥ 11,057

The following table presents the fair value of derivative instruments not designated as hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2014, 2013 and the date of transition to IFRS:

Derivative instruments		Millions of Yen					
		March 31, 2014		March 31, 2013		April 1, 2012	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Foreign exchange contracts	Current	¥ 58,596	¥ 50,785	¥ 51,831	¥ 52,978	¥ 23,474	¥ 42,537
	Non-current	16,245	4,905	37,114	27,324	12,400	11,226
Interest rate contracts	Current	449	968	476	486	6,280	6,041
	Non-current	3,947	4,411	4,396	7,566	5,100	7,798
Commodity contracts	Current	416,145	455,251	439,745	429,230	1,565,242	1,602,311
	Non-current	196	376	743	873	813	422
Other contracts	Non-current	3,357	–	3,508	–	–	–
Total		¥498,935	¥516,696	¥537,813	¥518,457	¥1,613,309	¥1,670,335

Derivative Assets Current and Non-current, and Derivative Liabilities Current and Non-current are included in Other financial assets and Other financial liabilities of Consolidated Statements of Financial Position, respectively.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated Statements of Financial Position resulted from offsetting derivative assets and derivative liabilities with cash collaterals.

Other than above, the Companies have non-derivative financial instrument that are designated as hedging instruments to hedge the net investments in foreign operations as of March 31, 2014, 2013 and the date of transition to IFRS with amount of ¥624,835 million, ¥472,161 million and ¥305,508 million, respectively.

(8) Offset of financial assets and liabilities
A financial asset and a financial liability including collateral are offset and the net amount is presented in the Consolidated Statements of Financial Position of the Company when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the gross amounts of recognized financial assets and liabilities, amounts of offset, net amounts, amounts not offset despite the existence of a master netting agreement, and exposure on a net basis of derivative assets, derivative liabilities and collaterals as of March 31, 2014, 2013 and the date of transition. These amounts of financial assets and liabilities except derivative assets, derivative liabilities and collaterals as of March 31, 2014, 2013 and the date of transition were immaterial.

	Millions of Yen	
March 31, 2014:	**Financial Assets**	**Financial Liabilities**
Gross amounts of recognized financial assets and liabilities....	¥ 602,261	¥ 568,012
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position..................	(395,871)	(395,871)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position..................	206,390	172,141
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(36,211)	(36,211)
Exposure on a net basis	¥ 170,179	¥ 135,930

	Millions of Yen	
March 31, 2013:	**Financial Assets**	**Financial Liabilities**
Gross amounts of recognized financial assets and liabilities....	¥ 596,912	¥ 586,590
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position..................	(383,190)	(383,190)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position..................	213,722	203,400
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(55,439)	(55,439)
Exposure on a net basis	¥ 158,283	¥ 147,961

	Millions of Yen	
April 1, 2012:	**Financial Assets**	**Financial Liabilities**
Gross amounts of recognized financial assets and liabilities....	¥ 1,719,565	¥ 1,683,200
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position..................	(1,499,693)	(1,499,693)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position..................	219,872	183,507
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(73,498)	(73,498)
Exposure on a net basis	¥ 146,374	¥ 110,009

Financial assets are included in Other financial assets of Current and Non-current assets, and financial liabilities are included in Other financial liabilities of Current and Non-current liabilities in Consolidated Statements of Financial Position.

The companies normally have the rights to set off which are enforceable only in the event of default, insolvency or bankruptcy of its customers in relation to its recognized financial assets and liabilities where the requirements to set off are not met.

9. LEASES

Lessor

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others.

Certain leases of rolling stock, aircraft, equipment, real estate and others are classified as finance leases, and the net investments are included as part of trade and other receivables in the consolidated statements of financial position. The unguaranteed residual values represent the estimate of the values of the leased assets at the end of the lease contracts and are initially recorded based on appraisals and estimates at the commencement of the lease. Realization of the residual values is dependent on the companies' future ability to sell the related assets under then prevailing market conditions.

Other leases are classified as operating leases and the related assets are presented as property, plant and equipment or investment property in the consolidated statements of financial position.

The following is a schedule of future minimum lease payments to be received from finance leases as well as the components of the present value as of March 31, 2014, 2013 and the date of transition to IFRS:

	Millions of Yen					
	Future minimum lease payments to be received			The present value of future minimum lease payments to be received		
Year ending March 31:	2014	2013	2012	2014	2013	2012
Not later than 1 year	¥ 17,431	¥ 17,072	¥ 12,695	¥ 15,857	¥ 15,511	¥ 11,704
Later than 1 year and not later than 5 years	62,529	63,977	55,422	42,773	45,045	41,304
Later than 5 years	41,204	46,515	48,030	18,766	20,732	22,453
Total	¥121,164	¥127,564	¥116,147	¥ 77,396	¥ 81,288	¥ 75,461
Unearned income	(36,165)	(38,726)	(33,428)			
Unguaranteed residual values of leased assets (present value)	(7,603)	(7,550)	(7,258)			
The present value of future minimum lease payments to be received	¥ 77,396	¥ 81,288	¥ 75,461			

The following is a schedule of future minimum lease payments to be received under noncancellable operating leases as of March 31, 2014, 2013 and the date of transition to IFRS:

	Millions of Yen		
Year ending March 31:	2014	2013	2012
Not later than 1 year	¥ 25,163	¥ 23,116	¥ 18,437
Later than 1 year and not later than 5 years	42,437	47,030	40,650
Later than 5 years	10,835	14,224	14,810
Total	¥ 78,435	¥ 84,370	¥ 73,897

Lessee

The companies lease equipment, real estate and others under finance leases.
The following is a schedule of minimum lease payments under finance leases as well as components of the present value as of March 31, 2014, 2013 and the date of transition to IFRS. The following minimum lease payments have not been reduced by minimum sublease payments to be received of ¥22,217 million, ¥19,207 million and ¥20,069 million as of March 31, 2014, 2013 and the date of transition to IFRS:

	Millions of Yen					
	Future minimum lease payments			The present value of future minimum lease payments		
Year ending March 31:	2014	2013	2012	2014	2013	2012
Not later than 1 year	¥ 6,413	¥ 13,795	¥ 8,919	¥ 6,186	¥ 13,281	¥ 8,780
Later than 1 year and not later than 5 years	19,301	16,827	28,628	17,034	15,046	25,754
Later than 5 years	25,266	19,986	12,582	18,114	14,474	8,992
Total	¥ 50,980	¥ 50,608	¥ 50,129	¥ 41,334	¥ 42,801	¥ 43,526
Future financial cost	(9,646)	(7,807)	(6,603)			
The present value of future minimum payments	¥ 41,334	¥ 42,801	¥ 43,526			

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others under operating leases. Most of the rolling stock, ocean transport vessels and aircraft under operating leases are subleased to third parties.

The following is a schedule of future minimum lease payments under noncancellable operating leases as of March 31, 2014, 2013 and the date of transition to IFRS. The following minimum lease payments have not been reduced by minimum sublease payments to be received of ¥19,372 million, ¥14,298 million, and ¥15,260 million as of March 31, 2014, 2013 and the date of transition to IFRS respectively:

	Millions of Yen		
Year ending March 31:	2014	2013	2012
Not later than 1 year	¥ 16,764	¥ 18,412	¥ 20,848
Later than 1 year and not later than 5 years	37,764	38,970	42,896
Later than 5 years	29,351	28,468	26,188
Total	¥ 83,879	¥ 85,850	¥ 89,932

Rental expenses incurred for operating leases for the years ended March 31, 2014 and 2013 were ¥35,144 million and ¥40,670 million, respectively. Sublease rental income for the years ended March 31, 2014 and 2013 were ¥11,183 million and ¥16,785 million, respectively.

10. INVENTORIES

Inventories as of March 31, 2014, 2013 and the date of transition to IFRS were comprised of the following:

	Millions of Yen		
	2014	2013	2012
Commodities and finished goods	¥ 562,483	¥ 543,174	¥ 443,416
Property for Sale	7,807	13,396	20,516
Raw materials, work in progress and others	55,038	88,247	97,359
Total	¥ 625,328	¥ 644,817	¥ 561,291

See Note 25, “FAIR VALUE MEASUREMENT” for the carrying amount of inventories carried at fair value less costs to sell.

11. PROPERTY, PLANT AND EQUIPMENT

The changes in acquisition cost, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment for the years ended March 31, 2014 and 2013 were as follows:

[Acquisition cost]

	Millions of Yen					
	Land and buildings	**Equipment and fixtures**	**Vessels and aircrafts**	**Mineral rights**	**Projects in progress**	**Total**
Balance at April 1, 2012	¥ 690,140	¥1,412,725	¥ 85,255	¥ 163,304	¥ 171,539	¥2,522,963
Additions	31,147	176,217	17,912	5,164	179,885	410,325
Disposals	(8,852)	(17,262)	(16,187)	(450)	(1,143)	(43,894)
Acquisitions through business combinations	–	8,875	–	20,336	–	29,211
Foreign currency translation	43,787	147,248	9,504	21,572	31,280	253,391
Others	(5,036)	88,111	8,764	(1,002)	(104,657)	(13,820)
Balance at March 31, 2013	¥ 751,186	¥1,815,914	¥ 105,248	¥ 208,924	¥ 276,904	¥3,158,176
Additions	54,926	167,774	9,280	4,793	187,074	423,847
Disposals	(25,479)	(70,412)	(13,931)	(820)	(1,847)	(112,489)
Acquisitions through business combinations	3	–	–	79,078	22,475	101,556
Foreign currency translation	16,763	65,768	6,825	13,917	2,661	105,934
Others	(46,074)	64,413	9,545	(14,336)	(166,378)	(152,830)
Balance at March 31, 2014	¥ 751,325	¥2,043,457	¥ 116,967	¥ 291,556	¥ 320,889	¥3,524,194

[Accumulated depreciation and impairment losses]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at April 1, 2012	¥ 242,884	¥ 807,971	¥ 20,986	¥ 72,889	–	¥1,144,730
Depreciation expenses	23,067	132,336	5,480	9,508	–	170,391
Disposals	(3,483)	(10,386)	(2,377)	–	–	(16,246)
Impairment losses	1,354	7,273	98	14,380	7,859	30,964
Foreign currency translation	10,369	63,331	1,382	10,343	132	85,557
Others	(8,831)	(6,898)	(79)	(143)	(1,230)	(17,181)
Balance at March 31, 2013	¥ 265,360	¥ 993,627	¥ 25,490	¥ 106,977	¥ 6,761	¥1,398,215
Depreciation expenses	27,261	157,609	7,349	11,252	–	203,471
Disposals	(5,358)	(37,058)	(3,689)	(485)	–	(46,590)
Impairment losses	2,065	43,836	454	12,996	342	59,693
Foreign currency translation	3,365	27,937	1,056	5,228	(85)	37,501
Others	(42,211)	(82,971)	(78)	(9,293)	(995)	¥(135,548)
Balance at March 31, 2014	¥ 250,482	¥1,102,980	¥ 30,582	¥ 126,675	¥ 6,023	¥1,516,742

[Carrying amount]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at April 1, 2012	¥ 447,256	¥ 604,754	¥ 64,269	¥ 90,415	¥ 171,539	¥1,378,233
Balance at March 31, 2013	¥ 485,826	¥ 822,287	¥ 79,758	¥ 101,947	¥ 270,143	¥1,759,961
Balance at March 31, 2014	¥ 500,843	¥ 940,477	¥ 86,385	¥ 164,881	¥ 314,866	¥2,007,452

For the year ended March 31, 2014, the decrease in “Others” resulted mainly from the deconsolidation of Mitsui Oil Co., Ltd.

The increase of the carrying amount of property, plant and equipment is ¥47,255 million due to the revision of the future cost relating to asset retirement obligations for the year ended March 31, 2014.

The impairment loss was recorded as impairment loss of fixed assets in Consolidated Statements of Income. The breakdowns of impairment losses of fixed assets for the years ended March 31, 2014 and 2013 per segment were as follows:

	Millions of Yen			
	2014		2013	
Mineral & Metal Resources	¥	(39,776)	¥	(27,138)
Machinery & Infrastructure	¥	(3,967)	¥	(1,265)
Chemicals	¥	(907)	¥	(98)
Energy	¥	(14,413)	¥	(1,519)
Lifestyle	¥	(143)	¥	(521)
Innovation & Corporate Development	¥	–	¥	(4)
Americas	¥	(474)	¥	(309)
Asia Pacific	¥	(3)	¥	(20)
Others	¥	(10)	¥	(90)
Consolidated Total	¥	(59,693)	¥	(30,964)

The impairment loss on property, plant and equipment for the year ended March 31, 2014 consisted mainly of two impairment losses as stated below.

One of the main impairment losses was mining equipment and mineral rights of ¥39,338 million, which were owned by Mitsui Coal Holdings Pty. Ltd., a subsidiary in Mineral & Metal Resource Segment engaged in the exploration, development and production of coal in Australia.

The impairment mainly related to a decline in coal price.

The other main impairment loss was from production equipment and mineral rights of ¥14,155 million, which were owned by Mitsui E&P Texas LP, a subsidiary in Energy Segment engaged in the shale oil and gas development in Texas.

The impairment mainly related to review of the production estimates.

These impairment losses were calculated as the result of the reduction of carrying amounts to recoverable amount. The recoverable amount above represented the value in use. A profit margin which is deemed to be the market average and reflects the risks inherent in the cash-generating unit is used as the discount rate to calculate value in use.

The impairment loss on property, plant and equipment for the year ended March 31, 2013 consisted principally of two impairment losses as stated below.

One of the main impairment losses was mining equipment and mineral rights of ¥19,718 million, which were owned by Mitsui Coal Holdings Pty. Ltd., a subsidiary in Mineral & Metal Resource Segment engaged in the exploration, development and production of coal in Australia.

The impairment mainly related to a decline in coal price.

The other main impairment loss is from Australian iron ore operations, which are run as joint ventures with BHP Billiton Ltd. through Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd. in Mineral & Metal Resources Segment, recorded impairment losses totaling ¥6,441 million for the revision of the development sequence.

The impairment related to the suspension of pre-commitment works for the outer harbor development option at Port Hedland in Western Australia.

These impairment losses were calculated as the result of the reduction of carrying amounts to recoverable amount. The recoverable amount above represented the value in use. A profit margin which is deemed to be the market average and the risks inherent in the cash-generating unit is used as discount rate to calculate value in use.

12. INVESTMENT PROPERTY

The cost of investment property as of March 31, 2014, 2013 and the date of transition to IFRS were ¥177,397 million, ¥165,190 million, and ¥153,889 million, respectively, and accumulated depreciation and impairment losses of investment property were ¥38,063 million, ¥42,353 million, and ¥38,339 million, respectively.

The carrying amount of investment property as of March 31, 2014, 2013 and the date of transition to IFRS were ¥139,334 million, ¥122,837 million, and ¥115,550 million, respectively, and fair value of investment property were ¥177,854 million, ¥178,593 million, and ¥173,416 million, respectively.

The main reason for the increases in carrying amount of investment property for the year ended March 31, 2014 is a transfer from an owner-occupied property (land) of ¥23,891 million.

Rental income from investment property and direct operating expenses arising from investment property for the year ended March 31, 2014 and 2013 were immaterial.

The fair value of primary investment property as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the investment property being valued, and have the appropriate and recognized professional qualifications (such as a registered appraiser), and classified as level 3. The valuation is based on significant unobservable inputs such as estimated rents and discount rates using primarily the income approach and conforms to the standards of the country where the investment property is located.

13. INTANGIBLE ASSETS

The changes in acquisition cost, accumulated amortization and impairment losses and carrying amount of intangible assets for the years ended March 31, 2014 and 2013 were as follows:

[Acquisition cost]

	Millions of Yen			
	Goodwill	**Software**	**Others**	**Total**
Balance at April 1, 2012	¥ 74,241	¥ 77,232	¥ 89,048	¥ 240,521
Additions	9,198	5,621	5,898	20,717
Disposals	(3,322)	(4,800)	(7,450)	(15,572)
Foreign currency translation	4,553	1,540	7,189	13,282
Others	(49)	1,054	(2,688)	(1,683)
Balance at March 31, 2013	¥ 84,621	¥ 80,647	¥ 91,997	¥ 257,265
Additions	28,114	7,122	9,872	45,108
Disposals	(7,438)	(8,830)	(6,577)	(22,845)
Foreign currency translation	3,826	1,070	4,806	9,702
Others	(176)	807	(9,746)	(9,115)
Balance at March 31, 2014	¥ 108,947	¥ 80,816	¥ 90,352	¥ 280,115

[Accumulated amortization and impairment losses]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at April 1, 2012	¥ 39,018	¥ 42,322	¥ 49,371	¥ 130,711
Amortization expense	–	10,715	3,760	14,475
Impairment losses	–	566	2,142	2,708
Disposals	(3,094)	(4,225)	(4,543)	(11,862)
Foreign currency translation	1,622	760	3,508	5,890
Others	–	(2,878)	(2,968)	(5,846)
Balance at March 31, 2013	¥ 37,546	¥ 47,260	¥ 51,270	¥ 136,076
Amortization expense	–	10,734	3,877	14,611
Impairment losses	4,347	202	71	4,620
Disposals	(5,463)	(8,282)	(5,230)	(18,975)
Foreign currency translation	914	549	2,700	4,163
Others	–	(2,482)	(2,051)	(4,533)
Balance at March 31, 2014	¥ 37,344	¥ 47,981	¥ 50,637	¥ 135,962

[Carrying amount]

	Millions of Yen			
	Goodwill	Software	Others	Total
Balance at April 1, 2012	¥ 35,223	¥ 34,910	¥ 39,677	¥ 109,810
Balance at March 31, 2013	¥ 47,075	¥ 33,387	¥ 40,727	¥ 121,189
Balance at March 31, 2014	¥ 71,603	¥ 32,835	¥ 39,715	¥ 144,153

Amortization expense on intangible assets with finite estimated useful lives was mainly recognized in selling, general and administrative expenses in the Consolidated Statement of Income.
Impairment losses on goodwill were recognized in other income (expense)-net, while impairment losses on other intangible asset were recognized in impairment loss of fixed assets in the Consolidated Statement of Income.

The main component of the goodwill which is allocated to each cash-generating unit (or group of units) for impairment testing of goodwill for the year ended March 31, 2014, is the goodwill allocated to Mitsui E&P Italia A S.r.l, whose carrying amount is ¥20,257 million. The recoverable amount is calculated based on the value in use, and is the sum of the net present value of the future cash flow estimated from the production plan on the Tempa Rossa on shore oil field in the Gorgoglione concession in Italy during its useful life. A profit margin which is deemed to be the market average and reflects the risks inherent in the cash-generating unit is used as a discount rate to calculate value in use.

The key assumptions with the most significant impact on the calculation of the value in use are the production plan and oil price.
The production plan used in the valuation has been developed by the operator, Total E&P Italia S.p.A and approved by the management of Mitsui E&P Italia A S.r.l. Oil price based on Crude Oil Brent Price are used for impairment testing.

The amount by which the unit’s recoverable amount exceeds its carrying amount is immaterial.

The carrying amount of intangible assets with indefinite useful lives, allocated to cash-generating unit (or group of units) for impairment testing is immaterial in comparison with the companies’ total carrying amount of intangible assets with indefinite useful lives for the year ended March 31, 2014.

The carrying amount of goodwill or intangible assets with indefinite useful lives allocated to cash-generating unit (or group of units) for impairment testing is immaterial in comparison with the companies’ total carrying amount of goodwill and intangible assets with indefinite useful lives for the years ended March 31, 2013.

14. EXPLORATION AND EVALUATION FOR MINERAL RESOURCES AND OIL & GAS

Exploration and evaluation assets for mineral resources and oil & gas for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
Balance at beginning of year	¥	51,115	¥	38,340
Acquisitions / Additions		22,822		19,883
Charge for the year		(8,256)		(11,207)
Foreign currency translation		4,476		5,670
Others		(1,643)		(1,571)
Balance at end of year	¥	68,514	¥	51,115

Expenses, cash flow from operating activities and cash flow from investing activities in relation to exploration and evaluation for mineral resources and oil & gas for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen			
	2014		2013	
Exploration and evaluation expenses	¥	(32,384)	¥	(37,356)
Cash flows from operating activities		(23,871)		(25,152)
Cash flows from investing activities		(22,163)		(17,466)

Exploration and evaluation expenses are included in other income (expense)-net in the Consolidated Statements of Income.

15. DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES

(1)Short-term debt

Short-term debt as of March 31, 2014, 2013 and the date of transition to IFRS were comprised of the following:

	Millions of Yen					
	2014		2013		2012	
		Interest rate		Interest rate		Interest rate
Short-term bank loans and others	¥ 358,323	1.9%	¥ 452,760	1.4%	¥ 264,842	2.0%
Commercial paper	73,550	0.2	79,341	0.3	51,537	0.3
Notes under medium-term note programme	4,996	0.2	–	–	–	–
Total	¥ 436,869		¥ 532,101		¥ 316,379	

The interest rates represent weighted average rates in effect as of March 31, 2014, 2013 and the date of transition to IFRS regardless of borrowing currencies, though the range of the interest rates varies by borrowing currency.
Unused lines of credit, for short-term financing of the companies as of March 31, 2014, 2013 and the date of transition to IFRS were ¥758,142 million, ¥546,948 million and ¥847,891 million, respectively.

(2)Long-term debt

Long-term debt as of March 31, 2014, 2013 and the date of transition to IFRS consisted of the following:

	Millions of Yen		
	2014	2013	2012
Long-term debt with collateral (Note 16):			
Banks and insurance companies, maturing serially through 2045—principally 0.7% to 13.0%	¥ 70,867	¥ 61,450	¥ 68,195
Government-owned banks and government agencies, maturing serially through 2030—principally 0.0% to 12.0%	59,551	61,939	55,492
Bonds:			
Japanese yen bonds (floating rate 1.1%, due 2012)	–	–	2,400
Foreign currency bonds (floating rate 10.1% to 13.0%, due 2019–2021)	4,468	4,280	–
Total	134,886	127,669	126,087
Long-term debt without collateral:			
Banks and others (principally insurance companies):			
Principally 0.1% to 6.0%, maturing serially through 2034	1,685,001	1,687,623	1,765,806
Principally 0.0% to 12.3%, maturing serially through 2032 (payable in foreign currencies)	1,770,099	1,353,344	876,042
Bonds and notes:			
Japanese yen bonds with early redemption clause (fixed rate 1.4%, due 2015)	10,000	10,000	10,000
Japanese yen bonds (fixed rate 0.7% to 3.2%, due 2013–2033)	233,939	266,104	299,169
Japanese yen bonds (fixed and floating rate: floating rate 1.1% to 2.7%, due 2013–2024)	41,000	91,500	101,500
Japanese yen bonds (floating rate 0.2% to 1.8%, due 2016–2017)	40,000	40,000	40,000
Notes under euro medium-term note programme (fixed rate 1.4% to 4.3%, due 2013–2017)	9,755	13,121	19,089
Notes under euro medium-term note programme (floating rate 0.6% to 5.3%, due 2013–2014)	2,058	1,986	1,726
Notes under euro medium-term note programme (fixed and floating rate: floating rate 0.5% to 1.7% due 2014–2024)	6,175	10,138	10,023
Finance lease obligations (0.02% to 7.8%, maturing serially through 2030)	41,334	42,801	43,526
Total	3,839,361	3,516,617	3,166,881
Total	3,974,247	3,644,286	3,292,968
Less current portion	505,946	429,915	372,657
Long-term debt, less current portion	¥ 3,468,301	¥ 3,214,371	¥ 2,920,311

(3)Trade and other payables, and other financial liabilities

Trade and other payables, and other financial liabilities as of March 31, 2014, 2013 and the date of transition to IFRS consisted of the following:

	Millions of Yen		
	2014	**2013**	**2012**
Current:			
Trade and other payables			
Notes payable-trade	¥ 37,041	¥ 46,057	¥ 53,308
Accounts payable-trade	1,282,818	1,294,646	1,286,621
Payables to equity accounted investees	41,211	26,683	41,200
Accrued expenses	112,764	98,471	110,096
Other financial liabilities			
Accounts payable-other	100,892	176,656	105,572
Derivative liabilities	130,690	139,113	145,413
Other	69,465	42,735	64,085
Total	¥ 1,774,881	¥ 1,824,361	¥ 1,806,295
Non-current:			
Other financial liabilities			
Accounts payable-other	¥ 41,840	¥ 22,016	¥ 22,331
Derivative liabilities	33,921	60,418	26,021
Other	19,780	19,681	28,224
Total	¥ 95,541	¥ 102,115	¥ 76,576

All financial liabilities presented above are measured at amortized cost and there is no financial liabilities measured at FVTPL.

(4)Liquidity risk analysis

Non-derivative financial liabilities

The contractual balances of non-derivative financial liabilities by maturity as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

March 31, 2014

	Millions of Yen			
	Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥ 1,467,103	¥ 6,726	¥ 5	¥ 1,473,834
Accounts payables-other	100,892	33,729	8,111	142,732
Long-term debt (Including current portion)	505,946	1,646,934	1,821,367	3,974,247

March 31, 2013

	Millions of Yen			
	Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥ 1,451,119	¥ 14,167	¥ 571	¥ 1,465,857
Accounts payables-other	176,656	14,597	7,419	198,672
Long-term debt (Including current portion)	429,915	1,652,744	1,561,627	3,644,286

April 1, 2012

	Millions of Yen			
	Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Trade and other payables	¥ 1,477,411	¥ 9,852	¥ 3,962	¥ 1,491,225
Accounts payables-other	105,572	14,146	8,185	127,903
Long-term debt (Including current portion)	372,657	1,647,030	1,273,281	3,292,968

Derivative instruments
The following tables summarize the result of liquidity analysis of derivative instruments held by the companies. These tables are prepared based on future receipts and payments of derivative instruments. If amounts to be received or paid are not fixed, the disclosed amounts are calculated using interest rates estimated in reference to the yield curve as of March 31, 2014, 2013 and the date of transition to IFRS.

March 31, 2014

		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange contracts	Receipts	¥ 68,819	¥ 21,196	¥ 2,669	¥ 92,684
	Payments	(71,483)	(19,834)	(3,824)	(95,141)
Interest rate contracts	Receipts	8,656	23,580	27,781	60,017
	Payments	(4,226)	(7,246)	(3,563)	(15,035)
Commodity contracts	Receipts	321,092	94,669	–	415,761
	Payments	(354,313)	(101,181)	–	(455,494)

March 31, 2013

		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange contracts	Receipts	¥ 59,232	¥ 40,434	¥ 3,616	¥ 103,282
	Payments	(84,283)	(44,669)	(673)	(129,625)
Interest rate contracts	Receipts	8,199	20,726	21,194	50,119
	Payments	(4,389)	(11,726)	(6,060)	(22,175)
Commodity contracts	Receipts	311,804	128,939	–	440,743
	Payments	(304,290)	(125,382)	–	(429,672)

April 1, 2012

		Millions of Yen			
		Within 1 year	More than 1 year and not more than 5 years	More than 5 years	Total
Foreign exchange contracts	Receipts	¥ 31,112	¥ 17,125	¥ 10,851	¥ 59,088
	Payments	(44,465)	(12,196)	(1)	(56,662)
Interest rate contracts	Receipts	10,188	24,175	10,389	44,752
	Payments	(5,753)	(12,789)	(6,302)	(24,844)
Commodity contracts	Receipts	1,118,032	449,289	823	1,568,144
	Payments	(1,120,376)	(481,315)	(1,734)	(1,603,425)

16. PLEDGED ASSETS

The assets pledged as collateral for certain short-term debt, long-term debt and payment guarantees, etc. as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

	Millions of Yen		
	2014	2013	2012
Trade and other receivables (current and non-current)	¥ 102,184	¥ 86,830	¥ 76,286
Investments	201,881	192,808	194,900
Property, plant and equipment	86,703	52,504	80,539
Others	7,634	9,376	27,048
Total	¥ 398,402	¥ 341,518	¥ 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. For this reason, it is not included in the amounts shown in the table above.
In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. The Company also has certain bank loan agreements in which default provisions grant sale or possession rights of the pledged assets to lenders.

17. PROVISIONS

The changes in provisions for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen		
	Asset retirement obligation	Other provisions	Total
Balance at April 1, 2012	¥ 103,171	¥ 23,901	¥ 127,072
Additional provisions recognized	1,886	8,842	10,728
Provisions used	(907)	(15,172)	(16,079)
Unwinding of discount	3,760	–	3,760
Others	11,460	394	11,854
Balance at March 31, 2013	¥ 119,370	¥ 17,965	¥ 137,335
Additional provisions recognized	43,698	12,106	55,804
Provisions used	(846)	(9,193)	(10,039)
Unwinding of discount	4,684	–	4,684
Others	3,754	808	4,562
Balance at March 31, 2014	¥ 170,660	¥ 21,686	¥ 192,346

The asset retirement obligations are principally related to the costs of dismantling and removing mining and oil and gas production facilities owned by subsidiaries in Australia, which are engaged in mining operations or oil and gas producing activities, and a domestic subsidiary which has interests in oil and gas operations in Southeast Asia and other areas.
"Other provisions" includes provision for product warranties and rebates of sales, etc.

18. EMPLOYEE BENEFITS

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans, covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. The benefits from CPF are based on the length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnity plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

Changes in the defined benefit obligation and the plan assets

The following table sets forth the changes in the companies' defined benefit obligation and plan assets:

	Millions of Yen	
	2014	**2013**
Change in defined benefit obligation:		
Defined benefit obligation at beginning of year	¥ 329,241	¥ 291,590
Service cost	11,117	9,278
Interest cost	4,391	5,743
Actuarial loss	22,510	33,500
Benefits paid from plan assets	(13,532)	(12,492)
Others	(3,260)	1,622
Defined benefit obligation at end of year	350,467	329,241
Change in plan assets:		
Fair value of plan assets at beginning of year	259,243	234,346
Interest income	4,142	5,060
Return on plan assets (excluding interest income)	13,048	22,831
Contributions by the employer	16,674	7,725
Benefits paid from plan assets	(13,532)	(12,492)
Others	1,383	1,773
Fair value of plan assets at end of year	280,958	259,243
Net defined benefit liability at end of year	¥ (69,509)	¥ (69,998)

Components of net periodic pension costs

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2014 and 2013 included the following components:

	Millions of Yen	
	2014	2013
Service cost – benefits earned during the period	¥ 11,117	¥ 9,278
Net interest expense	249	683
Past service cost arising during the period	(1,262)	–
Others	–	78
Net periodic pension costs	¥ 10,104	¥ 10,039

Assumptions

The weighted-average assumptions used to determine the companies' defined benefit obligations as of March 31, 2014, 2013 and the date of transition to IFRS are set forth as follows:

	2014	2013	2012
Discount rate	1.4%	1.3%	2.1%
Rate of increase in future compensation levels	1.0%	1.0%	0.9%

The companies mainly determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds.

The rate of increase in future compensation levels was not applied in determining the defined benefit obligation of CPF other than the cash balance plan, because the benefit formulas of these plans do not contain factors relating to compensation levels.

The following table illustrates the sensitivity to changes in assumptions for pension plans:

	Impact of change in assumption on defined benefit obligation as of March 31, 2014
50 basis point decrease in discount rate	¥24,625 million increase
50 basis point increase in discount rate	¥21,822 million decrease
50 basis point decrease in rate of increase in future compensation levels	¥488 million decrease
50 basis point increase in rate of increase in future compensation levels	¥507 million increase

Plan assets

The Company's investment objective is to build high quality plan assets, and the investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in the fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment, and are targeted to ensure stable and adequate returns to provide future payments of pension benefits over the long term.

The fair value of the companies' pension plan assets as of March 31, 2014, 2013 and the date of transition to IFRS by asset class are set forth as follows:

	Millions of Yen								
	2014			2013			2012		
	Quoted market price in an active market			Quoted market price in an active market			Quoted market price in an active market		
Asset Class	Available	Not available	TOTAL	Available	Not available	TOTAL	Available	Not available	TOTAL
Equity Financial Instruments (Japan)	¥ 64,382	¥ 35,437	¥ 99,819	¥ 52,127	¥ 30,626	¥ 82,753	¥ 46,388	¥ 29,260	¥ 75,648
Equity Financial Instruments (Non-Japan)	5,870	29,447	35,317	5,185	18,640	23,825	4,109	16,590	20,699
Debt securities (Japan)	229	45,640	45,869	641	59,691	60,332	1,011	65,713	66,724
Debt securities (Non-Japan)	6,410	47,852	54,262	4,277	57,023	61,300	5,668	33,873	39,541
Life insurance company general accounts	–	31,729	31,729	–	22,653	22,653	–	21,731	21,731
Cash and deposits	13,812	–	13,812	7,914	–	7,914	9,324	–	9,324
Other	–	150	150	3	463	466	139	540	679
Total	¥90,703	¥190,255	¥280,958	¥70,147	¥189,096	¥259,243	¥ 66,639	¥ 167,707	¥ 234,346

Equity financial instruments above include securities held in the Company's employee retirement benefit trust. Publicly-traded, equity financial instruments and debt securities are valued using quoted market prices and classified as assets of which a quoted market price in an active market is available. Other equity financial instruments and debt securities are mostly pooled investments managed by trust banks. They are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as assets of which a quoted market price in an active market is not available. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. They are valued based on the value of the accounts calculated by the insurance companies and classified as assets of which a quoted market price in an active market is not available.

Cash flows

Contributions

The companies expect to contribute ¥11,311 million to their defined benefit pension plans for the year ending March 31, 2015. When a funded amount of CPF is less than the minimum funding amount at the end of each annual period, the companies will contribute required amounts to CPF in accordance with the rules of CPF.

Information about the maturity profile

The weighted average duration of the benefit payments for the defined benefit obligation as of March 31, 2014 is 16 years.

Multiemployer plan

Certain subsidiaries participate in a multiemployer defined benefit pension plan, Mitsui & Co. Group Pension Fund ("MGPF"). Employers other than the Company and subsidiaries also participate in MGPF, which are different from single-employer plans in the following respects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c. If the multiemployer plan is wound up or a participating employer chooses to stop participating in the multiemployer plan, the participating employer may be required to pay the plan an amount based on the underfunded status of the plan when a wind-up or a withdrawal, referred to as a withdrawal liability.

By participating in MGPF, participating employees will receive the substitutional part of the welfare pension and the additional benefit stipulated by the plan.

In relation to this plan, the amount of contribution was recorded as a retirement benefit cost as though it is a defined contribution plan because sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

Based on the most recently available information, the funded status of MGPF as of March 31, 2013 and 2012 were as follows:

	Millions of Yen	
	2013	**2012**
Plan assets, net of current payables.............................	¥ 49,209	¥ 42,693
Benefit obligation under pension actuarial valuation...	47,368	46,347

The amount contributed to MGPF by the subsidiaries constituted a significant portion of the total contribution and included surcharge.

The Company also provides an "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels.

19. EQUITY

(1) Common stock

The number of shares authorized and issued for the years ended March 31, 2014 and 2013 were as follows:

	Number of shares	
	2014	**2013**
Authorized:		
Common stock – no par value	2,500,000,000	2,500,000,000
Issued:		
Balance at beginning of year	1,829,153,527	1,829,153,527
Increase (decrease) during the year	–	–
Balance at end of year	1,829,153,527	1,829,153,527

The number of treasury stock as of March 31, 2014, 2013 and the date of transition to IFRS included in the number of shares issued shown above were 36,641,439, 4,027,206 and 4,204,441 shares, respectively.
Although the cancellation of 32,639,400 shares in the treasury stock was resolved at the meeting of the Board of Directors held on March 26, 2014, the procedure of cancellation has not been completed yet as of March 31, 2014 and such shares are still included in the number of shares issued shown above.

(2) Capital surplus and retained earnings

Capital surplus mainly consist of additional paid-in capital. Changes in capital surplus for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	2013
Balance at beginning of year	¥ 428,552	¥ 430,490
Equity transactions with non-controlling interest shareholders:		
Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries to non-controlling interests	(2,007)	93
Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries from non-controlling interests	(8,541)	(2,031)
Balance at end of year	¥ 418,004	¥ 428,552

Retained earnings consist of legal reserve and other unappropriated retained earnings.

The Companies Act in Japan provides that an amount equal to 10% of distribution must be appropriated as additional paid-in capital or a legal reserve in retained earnings depending on the equity account charged upon the payment of such distribution until the total aggregate amount of additional paid-in capital and legal reserve in retained earnings equals 25% of the common stock.

Under the Companies Act, the amount available for distribution is calculated based on the amount of capital surplus and retained earnings, exclusive of additional paid-in capital and legal reserve, recorded in the general books of account in accordance with the generally accepted accounting principles in Japan. The amount available for distributions from the Company would amount to ¥695,398 million if it were to be calculated at March 31, 2014.

(3) Other components of equity

Changes in other components of equity for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	2013
Financial Assets Measured at FVTOCI:		
Balance at beginning of year	¥ 335,847	¥ 265,748
Increase (decrease) during the year	56,979	75,249
Transfer to retained earnings	(23,559)	(5,150)
Balance at end of year	¥ 369,267	¥ 335,847
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of year	¥ –	¥ –
Increase (decrease) during the year	(4,203)	(10,626)
Transfer to retained earnings	4,203	10,626
Balance at end of year	¥ –	¥ –
Foreign Currency Translation Adjustments:		
Balance at beginning of year	¥ 311,934	¥ –
Increase (decrease) during the year	101,997	311,934
Balance at end of year	¥ 413,931	¥ 311,934
Cash Flow Hedges:		
Balance at beginning of year	¥ (32,998)	¥ (25,649)
Increase (decrease) during the year	16,431	(7,349)
Balance at end of year	¥ (16,567)	¥ (32,998)
Total:		
Balance at beginning of year	¥ 614,783	¥ 240,099
Increase (decrease) during the year	171,204	369,208
Transfer to retained earnings	(19,356)	5,476
Balance at end of year	¥ 766,631	¥ 614,783

(4) Income tax relating to other comprehensive income

Income tax included in each component of other comprehensive income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	2013
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI.	¥ (16,352)	¥ (28,959)
Remeasurements of defined benefit pension plans	3,532	3,254
Share of other comprehensive income of investments accounted for using the equity method	(95)	19
Total	¥ (12,915)	¥ (25,686)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	¥ 23,641	¥ 29,944
Cash flow hedges	(3,800)	462
Share of other comprehensive income of investments accounted for using the equity method	(23,730)	(41,873)
Total	¥ (3,889)	¥ (11,467)

(5) Other comprehensive income included in non-controlling interests

Each component of other comprehensive income included in non-controlling interests for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	2013
Financial assets measured at FVTOCI.	¥ 1,402	¥ (493)
Remeasurements of defined benefit pension plans	191	(8)
Foreign currency translation adjustments	10,065	19,831
Cash flow hedges	88	(93)
Total	¥ 11,746	¥ 19,237

20. EARNINGS PER SHARE

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the years ended March 31, 2014 and 2013:

	2014			2013		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 350,093	1,821,339	¥ 192.22	¥ 296,623	1,825,019	¥ 162.53
Effect of dilutive securities:						
Adjustment of effect of dilutive securities of associated companies	(17)	–		–	–	
Diluted earnings per share attributable to owners of the parent:	¥ 350,076	1,821,339	¥ 192.21	¥ 296,623	1,825,019	¥ 162.53

21. CONSTRUCTION CONTRACTS

Due from and due to customers for contract work as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

	Millions of Yen					
	2014		2013		2012	
Due from customers for contract work.....	¥	2,985	¥	9,386	¥	33,961
Due to customers for contract work..........		151		224		4,354

Contract revenue recognized for the years ended March 31, 2014 and 2013 were ¥9,789 million and ¥17,975 million respectively.

The aggregate amount of costs incurred and recognized profit (less recognized losses) for contract work to March 31, 2014 and 2013 were ¥10,827 million and ¥47,064 million respectively.

22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2014 and 2013 consisted of the following:

	Millions of Yen			
	2014		2013	
Personnel expenses	¥	290,739	¥	267,254
Communication expenses...		51,155		48,110
Traveling expenses...		33,482		30,939
Provision for doubtful receivables..		10,215		14,764
Other		189,280		168,223
Total	¥	574,871	¥	529,290

Remuneration of the Company's Directors and Corporate Auditors for the years ended March 31, 2014 and 2013 were ¥1,307 million and ¥1,165 million respectively.

23. FOREIGN EXCHANGE GAINS AND LOSSES - NET

Net foreign exchange gains and losses recognized in the consolidated statements of income for the years ended March 31, 2014 and 2013 were ¥13,617 million (loss) and ¥9,905 million (gain), respectively.

24. INCOME TAXES

The reconciliation between the applicable income tax rate in Japan and the effective income tax rate in the consolidated statements of income and comprehensive income for the years ended March 31, 2014 and 2013 were summarized as follows:

	%	
	2014	**2013**
Applicable income tax rate in Japan	36.0%	36.0%
Increases (decreases) in tax rate resulting from:		
Expenses not deductible for tax purposes and income not taxable-net	1.1	1.4
Application of lower tax rates to certain taxable income	(2.5)	(2.2)
Tax effects on dividends	(9.6)	(13.6)
Changes in assessment for recoverability of deferred tax assets	6.9	10.8
Higher tax rates for resource related taxes	4.9	8.5
Tax effects on investments accounted for using the equity method	(5.4)	(3.3)
Other	0.7	0.6
Effective income tax rate	32.1%	38.2%

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

	Millions of Yen		
	2014	**2013**	**2012**
Deferred Tax Assets:			
Retirement benefit liabilities	¥ 28,909	¥ 26,632	¥ 33,803
Estimated losses	4,085	6,648	17,227
Fixed assets	59,887	64,911	52,675
Loss carryforwards	43,470	36,687	17,099
Foreign currency translation	44,535	25,439	–
Fixed assets related to the Australian Mineral Resource Rent Tax Act 2012	11,938	9,392	14,577
Other	21,699	24,151	20,516
Total deferred tax assets	214,523	193,860	155,897
Deferred Tax Liabilities:			
Fixed assets	146,802	129,865	96,723
Investments	283,262	258,428	209,079
Undistributed earnings	206,004	194,076	210,448
Foreign currency translation	64,352	43,540	–
Other	6,965	2,005	2,379
Total deferred tax liabilities	¥ 707,385	¥ 627,914	¥ 518,629

Deferred tax assets recognized by taxable entities that have suffered a loss in either the current or preceding period were ¥26,266 million, ¥22,753 million and ¥22,474 million, as of March 31, 2014, 2013 and the date of transition to IFRS, respectively. The companies recognize deferred tax assets based on the judgment of the recoverability considering the probability of the generation of future taxable income due to the nature of the taxable entities' operation and the expiration dates of operating loss in the countries in which they operate, etc.

The unused tax loss carryforwards and deductible temporary differences for which deferred tax assets were not recognized were ¥1,793,654 million, ¥1,463,756 million and ¥1,133,891 million as of March 31, 2014, 2013 and the date of transition to IFRS, respectively.

Taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized were ¥1,726,286 million, ¥1,634,519 million and ¥1,140,700 million as of March 31, 2014, 2013 and the date of transition to IFRS, respectively.

The increase and decrease of deferred tax assets and deferred tax liabilities recognized as deferred tax expenses in the consolidated statements of income for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	**2013**
Retirement benefit liabilities	¥ (252)	¥ (9,455)
Estimated losses	(1,353)	(9,237)
Fixed assets	1,561	(17,140)
Loss carryforwards	5,296	17,525
Investments	(824)	(8,926)
Undistributed earnings	(9,513)	9,974
Fixed assets related to the Australian Mineral Resource Rent Tax Act 2012	2,546	(5,185)
Other	2,347	7,979
Total	¥ (192)	¥ (14,465)

The unused tax loss carryforwards for which no deferred tax assets have been recognized for as of March 31, 2014, 2013 and the date of transition to IFRS were ¥438,615 million, ¥322,817 million and ¥236,188 million respectively. If not utilized, such loss carryforwards expire as follows:

	Millions of Yen		
	2014	**2013**	**2012**
Within 5 years	¥ 57,362	¥ 37,217	¥ 38,671
After 5 to 10 years	145,507	129,172	58,496
After 10 to 15 years	909	261	265
After 15 years	234,837	156,167	138,756
Total	¥ 438,615	¥ 322,817	¥ 236,188

Income tax expenses recognized for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	**2013**
Current	¥ (176,462)	¥ (180,746)
Deferred	¥ (192)	¥ (14,465)
Total	¥ (176,654)	¥ (195,211)

Deferred tax expenses arising from the write-down of deferred tax assets for loss carryforwards and temporary differences of the companies where it is more likely than not that a tax benefit will not be realized were ¥80,458 million and ¥88,732 million for the years ended March 31, 2014 and 2013, respectively.

25. FAIR VALUE MEASUREMENT

IFRS 13 “Fair Value Measurement” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

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

Level 3:
Unobservable inputs for the asset or liability.

(1) Valuation techniques

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

Other Investments
- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using quoted market prices and classified as level 1.
- Non-marketable other investments are measured at fair value principally using discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. The degree to which these inputs are observable in the relevant markets determines whether the investment is classified as level 2 or 3.

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

Inventories
- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of March 31, 2014, 2013 and the date of transition to IFRS were immaterial.

(2)Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate approver. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All of the valuations, including those performed by the external experts, are reviewed and approved by appropriate approver.

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

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2014, 2013 and the date of transition to IFRS were as follows. No assets or liabilities were transferred between level 1 and 2 for the years ended March 31, 2014 and 2013.

March 31, 2014	**Millions of Yen**				
	Fair value measurements using				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Other investments:					
Financial assets measured at FVTPL.......	¥ 3,203	–	¥ 39,687		
Financial assets measured at FVTOCI.....	516,968	–	990,593		
Total other investments	¥ 520,171	–	¥ 1,030,280	–	¥ 1,550,451
Derivative assets:					
Foreign exchange contracts	–	¥ 92,317	–		
Interest rate contracts...............................	¥ 144	29,924	–		
Commodity contracts...............................	23,068	393,204	¥ 122		
Other contracts...	–	–	3,357		
Total derivative assets	¥ 23,212	¥ 515,445	¥ 3,479	¥ (371,035)	¥ 171,101
Inventories	–	¥ 175,917	–	–	¥ 175,917
Total assets	¥ 543,383	¥ 691,362	¥ 1,033,759	¥ (371,035)	¥ 1,897,469
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 94,972	–		
Interest rate contracts...............................	¥ 107	12,076	–		
Commodity contracts...............................	42,714	412,534	¥ 602		
Total derivative liabilities	¥ 42,821	¥ 519,582	¥ 602	¥ (398,394)	¥ 164,611
Total liabilities..	¥ 42,821	¥ 519,582	¥ 602	¥ (398,394)	¥ 164,611

March 31, 2013	**Millions of Yen**				
	Fair value measurements using				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Other investments:					
Financial assets measured at FVTPL..........	¥ 7,878	¥ 9,831	¥ 36,282		
Financial assets measured at FVTOCI........	444,120	–	894,092		
Total other investments	¥ 451,998	¥ 9,831	¥ 930,374	–	¥ 1,392,203
Derivative assets:					
Foreign exchange contracts	–	¥ 103,336	–		
Interest rate contracts..................................	¥ 8	34,025	–		
Commodity contracts..................................	23,085	417,257	¥ 198		
Other contracts...	–	–	3,508		
Total derivative assets	¥ 23,093	¥ 554,618	¥ 3,706	¥ (392,092)	¥ 189,325
Inventories	–	¥ 142,074	–	–	¥ 142,074
Total assets	¥ 475,091	¥ 706,523	¥ 934,080	¥ (392,092)	¥ 1,723,602
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 129,622	–		
Interest rate contracts..................................	¥ 41	18,973	–		
Commodity contracts..................................	13,486	416,453	¥ 222		
Total derivative liabilities	¥ 13,527	¥ 565,048	¥ 222	¥ (379,266)	¥ 199,531
Total liabilities...	¥ 13,527	¥ 565,048	¥ 222	¥ (379,266)	¥ 199,531

April 1, 2012	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 8,721	¥ 5,249	¥ 25,918		
Financial assets measured at FVTOCI	410,646	–	800,449		
Total other investments	¥ 419,367	¥ 5,249	¥ 826,367	–	¥ 1,250,983
Derivative assets:					
Foreign exchange contracts	–	¥ 59,645	–		
Interest rate contracts	¥ 6,218	29,563	–		
Commodity contracts	26,147	1,539,112	¥ 885		
Total derivative assets	¥ 32,365	¥1,628,320	¥ 885	¥(1,481,300)	¥ 180,270
Inventories	–	¥ 100,847	–	–	¥ 100,847
Total assets	¥ 451,732	¥1,734,416	¥ 827,252	¥(1,481,300)	¥ 1,532,100
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 56,677	–		
Interest rate contracts	¥ 5,345	16,485	–		
Commodity contracts	26,397	1,575,667	¥ 821		
Total derivative liabilities	¥ 31,742	¥1,648,829	¥ 821	¥(1,509,958)	¥ 171,434
Total liabilities	¥ 31,742	¥1,648,829	¥ 821	¥(1,509,958)	¥ 171,434

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

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

The reconciliation of financial assets measured at FVTOCI for the year ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	**2013**
Balance at beginning of year	¥ 894,092	¥ 800,449
Other comprehensive income	(6,776)	45,643
Purchases	93,315	40,251
Sales	(34,622)	(61,114)
Transfers into Level 3	–	–
Transfers out of Level 3	(11,402)	–
Others	55,986	68,863
Balance at end of year	¥ 990,593	¥ 894,092

Note: "Others" principally includes the effect of changes in foreign exchange rates.

Other comprehensive income related to financial assets measured at FVTOCI was included in "Financial assets measured at FVTOCI" in the consolidated statements of comprehensive income. "Transfers out of Level 3" was due to the fact that the securities of investee began to be publicly traded for the year ended March 31, 2014.

Quantitative information about level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of March 31, 2014, 2013 and the date of transition to IFRS were as follows:

March 31, 2014	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	6.6%~13.9%

March 31, 2013	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	7.6%~15.1%

April 1, 2012	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	8.1%~15.5%

Information about sensitivity to changes in significant unobservable inputs

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

26. CONTINGENT LIABILITIES

I. GUARANTEES

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

The table below summarizes the maximum potential amount of future payments of the companies' guarantees as of March 31, 2014, 2013 and the date of transition to IFRS. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses. The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, result of operations, or cash flows of the companies is remote at March 31, 2014.

	Millions of Yen		
	2014	2013	2012
Type of guarantees:			
Guarantees for third parties	¥ 189,591	¥ 113,843	¥ 104,701
Guarantees for the investments accounted for using the equity method	379,792	253,832	257,511
Others	7,095	10,187	10,890
Total	¥ 576,478	¥ 377,862	¥ 373,102

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of March 31, 2014, 2013 and the date of transition to IFRS will expire through 2023, 2021 and 2019, respectively.

Guarantees for the investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for the investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of March 31, 2014, 2013 and the date of transition to IFRS will expire through 2022, 2023 and 2021, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of March 31, 2014, 2013 and the date of transition to IFRS.

	Millions of Yen		
	2014	2013	2012
Within 1 year	¥ 116,863	¥ 79,934	¥ 106,786
After 1 to 5 years	252,316	140,424	132,324
After 5 years	207,299	157,504	133,992
Total	¥ 576,478	¥ 377,862	¥ 373,102

II. LITIGATION

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

In November, 2013, Vale S.A., the Brazilian consolidated subsidiary of Valepar S.A. (an associated company in which the Company owns 18.24% of the voting shares), participated in the federal tax settlement (REFIS) in Brazil in relation to the taxation of earnings of its non-Brazilian subsidiaries and affiliates from 2003 to 2012 and recognized the related losses in earnings. In this regard, losses of ¥21,577 million (after income tax effect) were recognized in the Company's consolidated statements of income for the year ended March 31, 2014.

27. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the consolidated statements of cash flows for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen	
	2014	**2013**
Non-cash investing and financing activities:		
Conversion of a short-term bridge loan receivable to a long-term loan receivable	¥ –	¥ 71,959
Exchange of a short-term bridge loan receivable for investments accounted for using the equity method	–	80,653
Investment in kind to an equity accounted investee with receivables	14,840	–
Acquisitions of subsidiaries or other businesses (Note 3):		
The total consideration paid	98,321	22,409
The portion of the consideration consisting of cash and cash equivalents	98,321	21,293
Cash and cash equivalents in the subsidiaries or other businesses acquired	–	–
Total assets in the subsidiaries or other businesses acquired (including cash and cash equivalents)	125,188	45,844
Total liabilities in the subsidiaries or other businesses acquired	26,867	23,435
Sales of subsidiaries or other businesses:		
The total consideration received	24,857	–
The portion of the consideration consisting of cash and cash equivalents	24,857	–
Cash and cash equivalents in the subsidiaries or other businesses sold	16,274	–
Assets in the subsidiaries or other businesses sold		
Current assets (including cash and cash equivalents)	104,692	–
Property, plant and equipment	31,517	–
Intangible assets	1,937	–
Investments and other assets	8,009	–
Total assets in the subsidiaries or other businesses sold	146,155	–
Liabilities in the subsidiaries or other businesses sold		
Current liabilities	104,503	–
Non-current liabilities	15,201	–
Total liabilities in the subsidiaries or other businesses sold	119,704	–

28. SUBSEQUENT EVENTS

Cancellation of the treasury stock

The Company cancelled its treasury stock as follows under Article 178 of the Companies Act, based on the resolution at the meeting of the Board of Directors held on March 26, 2014.

(1) Class of stock cancelled	: Common shares of the Company
(2) Number of shares cancelled	: 32,639,400 shares (1.8% of the total number of shares outstanding prior to cancellation)
(3) Date of cancellation	: April 18, 2014
(4) Total number of treasury shares after cancellation	: 1,796,514,127 shares

Stock Option Scheme

On June 20, 2014, the shareholders approved at the Company's Ordinary General Meeting of Shareholders, to grant the stock option scheme as stock-based compensation with stock price conditions, up to ¥500 million per annum, to the Company's Directors (excluding External Directors) to purchase up to 500,000 shares of the Company's common stock per annum. The exercise period of subscription rights to shares shall be 27 years from the day following the date on which 3 years have elapsed after the allotment date of subscription rights to shares, with payment due upon the exercise of the subscription right to shares being ¥1 per share.

Dividend

On June 20, 2014, the shareholders approved the payment of a cash dividend to shareholders as of March 31, 2014 of ¥34 per share or a total of ¥60,955 million at the Company's Ordinary General Meeting of Shareholders.

29. DISCLOSURES OF TRANSITION TO IFRS

Exemptions under IFRS 1

IFRS requires full retrospective application of IFRS for the companies that adopt IFRS for the first time ("first time adopters"). However, IFRS 1 provides some voluntary exemptions from full retrospective applications. The exemptions under IFRS 1 the companies elected were as follows:

1. Business combinations: IFRS 1 provides the option to apply IFRS 3 "Business Combinations" from any date up to and including the transition date. Applying IFRS 3 from a date prior to the transition date would require restatement of all business combinations that occurred between that date and the transition date. The companies have elected to apply IFRS 3 prospectively from the transition date; accordingly, business combinations completed prior to the transition date have not been restated.
2. Foreign currency translation adjustments: IFRS requires exchange differences on translating foreign operations to be recalculated in accordance with IFRS from the date a subsidiary or an equity accounted investee was formed or acquired. Alternatively, IFRS 1 permits the exemption whereby the cumulative amount of exchanged differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. The companies deemed all of cumulative exchange differences on translating foreign operations to be zero at the date of transition to IFRS.
3. Financial instruments: IFRS 1 permits first time adopters to designate investments in equity instruments as financial assets measured at FVTOCI on the basis of the facts and circumstances that exist at the date of transition to IFRS and the companies elected to apply this exemption. In relation to the requirements of IFRS 9 concerning fair value measurement of financial assets and liabilities at initial recognition and the recognition of gain or loss on them, the companies elected to apply the requirements prospectively.
4. Property, plant and equipment: The companies elected to apply the cost model in accounting for property, plant and equipment. IFRS 1 permits first time adopters to elect to measure items of property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as deemed cost at that date. The companies elected to apply this exemption for certain items of property, plant and equipment.
5. Decommissioning liabilities: First time adopters are permitted under IFRS 1 to measure decommissioning liabilities outstanding at the date of transition to IFRS in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the companies elected to apply this exemption for part of decommissioning liabilities that are included in the cost of property, plant and equipment.

Reconciliation of U.S. GAAP to IFRS

In preparing its consolidated statements of financial position as of the date of transition to IFRS, the companies have adjusted amounts reported previously in its consolidated balance sheets prepared in accordance with U.S. GAAP.

An explanation of how the transition from U.S. GAAP to IFRS has affected the companies' consolidated financial position, financial performance and cash flows is as follows:

Reconciliation as of the date of transition to IFRS (April 1, 2012)
[Consolidated statements of financial position]

Millions of Yen

Assets	U.S. GAAP	Re-classification	Difference of recognition and measurement	Note	IFRS	Assets
Current Assets:						Current Assets:
Cash and cash equivalents	1,431,112				1,431,112	Cash and cash equivalents
Time deposit	4,130	(4,130)				
Marketable securities	1,087	(1,087)				
Trade receivables	2,037,801	(2,037,801)				
		2,047,253	(17,152)	1,f	2,030,101	Trade and other receivables
Deferred tax assets - current	37,513	(37,513)		2		
Derivative assets	53,664	(53,664)		3		
		189,032	89,634		278,666	Other financial assets
Inventories	515,758		45,533	f	561,291	Inventories
Advance payments to suppliers	129,987	81,134		1	211,121	Advance payments to suppliers
Other current assets	215,271	(120,063)	1,246		96,454	Other current assets
Total current assets	4,426,323	63,161	119,261		4,608,745	Total current assets
						Non-current assets:
Investments and non-current receivables						
Investments in and advances to associated companies	1,709,082	(1,709,082)				
		1,538,401	(76,987)	1,d,f	1,461,414	Investments accounted for using the equity method
Other investments	792,492	(52,278)	513,048	e	1,253,262	Other investments
Non-current receivables, less unearned interest	454,191	(454,191)				
		347,412	(4,487)	1,f	342,925	Trade and other receivables
Allowance for doubtful receivables	(36,840)	36,840				
Property leased to others-at cost, less accumulated depreciation	272,746	(272,746)				
		160,734	(36,055)	3	124,679	Other financial assets
Total investments and non-current receivables	3,191,671					
Property and equipment, less accumulated amortization	1,255,883	157,196	(34,846)	a,b,f	1,378,233	Property, plant and equipment
		115,550			115,550	Investment property
Intangible assets, less accumulated amortization	110,307		(497)		109,810	Intangible assets
Deferred tax assets – non-current	15,626	37,513	1,182	2,g	54,321	Deferred tax assets
Other assets	12,013	31,490	1,362		44,865	Other non-current assets
Total non-current assets	4,585,500	(63,161)	362,720		4,885,059	Total non-current assets
Total Assets	9,011,823	–	481,981		9,493,804	Total Assets

Millions of Yen

Liabilities and Equity	U.S. GAAP	Re-classification	Difference of recognition and measurement	Note	IFRS	Liabilities and Equity
Current Liabilities:						Current Liabilities:
Short-term debt	307,132		9,247	f	316,379	Short-term debt
Current maturities of long-term debt	372,657				372,657	Current portion of long-term debt
Trade payables	1,505,940	4,503	(19,218)	1,f	1,491,225	Trade and other payables
Derivative liabilities	65,262	(65,262)		3		
		201,369	113,701		315,070	Other financial liabilities
Accrued expenses						
Income taxes	73,111		10		73,121	Income tax payables
Interest	16,619	(16,619)				
Other	93,266	(93,266)				
Advances from customers	106,787	60,205		1	166,992	Advances from customers
		13,733			13,733	Provisions
Other current liabilities	83,256	(35,123)	757	2	48,890	Other current liabilities
Total current liabilities	2,624,030	69,540	104,497		2,798,067	Total current liabilities
						Non-current Liabilities:
Long-term debt, less current maturities	2,898,218		22,093	f	2,920,311	Long-term debt, less current Portion
		76,344	232		76,576	Other financial liabilities
Accrued pension costs and liability for severance indemnities	55,799		1,087		56,886	Retirement benefit liabilities
		104,663	8,676		113,339	Provisions
Deferred tax liabilities – non-current	283,614	1,157	132,282	2,g	417,053	Deferred tax liabilities
Other long-term liabilities	289,352	(251,704)	(1,314)	1	36,334	Other non-current liabilities
Total non-current liabilities	3,526,983	(69,540)	163,056		3,620,499	Total non-current liabilities
Total liabilities	6,151,013	–	267,553		6,418,566	Total liabilities
Equity:						Equity:
Mitsui & Co., Ltd. shareholders' equity:						
Common stock	341,482				341,482	Common stock
Capital surplus	430,491		(1)		430,490	Capital surplus
Retained earnings:						
Appropriated for legal reserve	65,500	(65,500)				
Unappropriated	2,192,494	65,500	(397,584)	h	1,860,410	Retained earnings
Accumulated other comprehensive income (loss)	(382,446)		622,545	c,d,e	240,099	Other components of equity
Treasury stock	(6,203)				(6,203)	Treasury stock, at cost
Total Mitsui & Co., Ltd. shareholders' equity	2,641,318		224,960		2,866,278	Total equity attributable to owners of the parent
Noncontrolling interests	219,492		(10,532)		208,960	Non-controlling interests
Total equity	2,860,810		214,428		3,075,238	Total equity
Total Liabilities and Equity	9,011,823	–	481,981		9,493,804	Total Liabilities and Equity

Reconciliation at the prior fiscal year-end (March 31, 2013)
[Consolidated statements of financial position]

Millions of Yen

Assets	U.S. GAAP	Re-classification	Difference of recognition and measurement	Note	IFRS	Assets
Current Assets:						Current Assets:
Cash and cash equivalents	1,425,174		7,360	f	1,432,534	Cash and cash equivalents
Time deposit	4,740	(4,740)				
Marketable securities	367	(367)				
Trade receivables	2,022,092	(2,022,092)				
		2,029,300	(16,592)	1,f	2,012,708	Trade and other receivables
Deferred tax assets - current	15,644	(15,644)		2		
Derivative assets	61,081	(61,081)		3		
		182,155	56,905		239,060	Other financial assets
Inventories	746,584		(101,767)	4,f	644,817	Inventories
Advance payments to suppliers	135,120	54,035		1	189,155	Advance payments to suppliers
Other current assets	220,729	(112,490)	1,959		110,198	Other current assets
Total current assets	4,631,531	49,076	(52,135)		4,628,472	Total current assets
						Non-current assets:
Investments and non-current receivables						
Investments in and advances to associated companies	2,325,255	(2,325,255)				
		2,123,148	(68,063)	1,d,f	2,055,085	Investments accounted for using the equity method
Other investments	816,343	(44,431)	623,874	e	1,395,786	Other investments
Non-current receivables, less unearned interest	523,904	(523,904)				
		454,741	(18,081)	1,f	436,660	Trade and other receivables
Allowance for doubtful receivables	(37,362)	37,362				
Property leased to others-at cost, less accumulated depreciation	330,627	(330,627)				
		179,850	(33,356)	3	146,494	Other financial assets
Total investments and non-current receivables	3,958,767					
Property and equipment, less accumulated amortization	1,570,270	207,790	(18,099)	a,b,f	1,759,961	Property, plant and equipment
		122,837			122,837	Investment property
Intangible assets, less accumulated amortization	118,448		2,741		121,189	Intangible assets
Deferred tax assets – non-current	31,538	15,644	14,844	2,g	62,026	Deferred tax assets
Other assets	14,027	33,769	968		48,764	Other non-current assets
Total non-current assets	5,693,050	(49,076)	504,828		6,148,802	Total non-current assets
Total Assets	10,324,581	–	452,693		10,777,274	Total Assets

Millions of Yen

Liabilities and Equity	U.S. GAAP	Re-classification	Difference of recognition and measurement	Note	IFRS	Liabilities and Equity
Current Liabilities:						Current Liabilities:
Short-term debt	663,129		(131,028)	4,f	532,101	Short-term debt
Current maturities of long-term debt	421,211		8,704		429,915	Current portion of long-term debt
Trade payables	1,555,616	(64,760)	(24,999)	1,f	1,465,857	Trade and other payables
Derivative liabilities	83,940	(83,940)		3		
		271,061	87,443		358,504	Other financial liabilities
Accrued expenses						
Income taxes	54,091		5		54,096	Income tax payables
Interest	16,985	(16,985)				
Other	80,971	(80,971)				
Advances from customers	98,470	58,064		1	156,534	Advances from customers
		10,153			10,153	Provisions
Other current liabilities	70,917	(29,737)	545	2	41,725	Other current liabilities
Total current liabilities	3,045,330	62,885	(59,330)		3,048,885	Total current liabilities
						Non-current Liabilities:
Long-term debt, less current maturities	3,184,957		29,414	f	3,214,371	Long-term debt, less current portion
		99,871	2,244		102,115	Other financial liabilities
Accrued pension costs and liability for severance indemnities	68,312		1,029		69,341	Retirement benefit liabilities
		113,883	13,299		127,182	Provisions
Deferred tax liabilities – non-current	266,544	1,862	227,674	2,g	496,080	Deferred tax liabilities
Other long-term liabilities	319,334	(278,501)	(6,522)	1	34,311	Other non-current liabilities
Total non-current liabilities	3,839,147	(62,885)	267,138		4,043,400	Total non-current liabilities
Total liabilities	6,884,477	–	207,808		7,092,285	Total liabilities
Equity:						Equity:
Mitsui & Co., Ltd. shareholders' equity:						
Common stock	341,482				341,482	Common stock
Capital surplus	429,828		(1,276)		428,552	Capital surplus
Retained earnings:						
Appropriated for legal reserve	69,653	(69,653)				
Unappropriated	2,405,008	69,653	(414,363)	h	2,060,298	Retained earnings
Accumulated other comprehensive income (loss)	(58,178)		672,961	c,d,e	614,783	Other components of equity
Treasury stock	(5,974)				(5,974)	Treasury stock, at cost
Total Mitsui & Co., Ltd. shareholders' equity	3,181,819		257,322		3,439,141	Total equity attributable to owners of the parent
Noncontrolling interests	258,285		(12,437)		245,848	Non-controlling interests
Total equity	3,440,104		244,885		3,684,989	Total equity
Total Liabilities and Equity	10,324,581	–	452,693		10,777,274	Total Liabilities and Equity

Reconciliation of Income and Comprehensive Income for the year ended March 31, 2013
[Consolidated statements of income]

Millions of Yen

	U.S. GAAP	Re-classification	Difference of recognition and measurement	Note	IFRS	
Revenues:						Revenue:
Sales of products	4,408,144		(445)		4,407,699	Sale of products
Sales of services	392,088				392,088	Rendering of services
Other sales	111,377		954		112,331	Other revenue
Total revenues	4,911,609		509		4,912,118	Total revenue
Cost of revenues:						Cost:
Cost of products sold	(3,901,272)		20,363	a,b,f	(3,880,909)	Cost of products sold
Cost of services sold	(161,858)		1,683		(160,175)	Cost of services rendered
Cost of other sales	(58,040)		1,145		(56,895)	Cost of other revenue
Total cost of revenues	(4,121,170)		23,191		(4,097,979)	Total cost
Gross profit	790,439		23,700		814,139	Gross profit
Other income (expenses) :						Other income (expenses) :
Selling, general and administrative	(521,075)	(14,761)	6,546	c,f	(529,290)	Selling, general and administrative expenses
Provision for doubtful receivables	(14,761)	14,761				
		13,007	7,453	d,e	20,460	Gain (loss) on securities and other investments-net
Impairment loss of long-lived assets	(12,342)		(21,330)	b	(33,672)	Impairment loss of fixed assets
Gain on disposal or sales of property and equipment-net	6,207		(85)		6,122	Gain (loss) on disposal or sales of fixed assets-net
		(30,868)	7,232		(23,636)	Other income (expense)- net
					(560,016)	Total other income (expenses)
						Finance income (costs) :
Interest income	41,724		(1,456)		40,268	Interest income
Dividend income	80,057		581		80,638	Dividend income
Interest expense	(42,910)		(3,729)		(46,639)	Interest expense
Loss on write-down of securities	(27,278)	27,278				
Gain on sales of securities-net	44,905	(44,905)				
Other income (expense) -net	(30,868)	30,868				
					74,267	Total finance income (costs)
Total other income (expenses)	(476,341)					
Income before income taxes and equity in earnings	314,098					
		180,846	2,227		183,073	Share of profit of investments accounted for using the equity method
					511,463	Profit before income taxes
Income taxes	(158,349)		(36,862)	g	(195,211)	Income taxes
Income before equity in earnings	155,749					
Equity in earnings of associated companies-net	176,226	(176,226)				
Net income before attribution of noncontrolling interests	331,975	–	(15,723)		316,252	Profit for the year
						Profit for the year attributable to:
Net income attributable to Mitsui & Co., Ltd.	307,926		(11,303)		296,623	Owners of the parent
Net income attributable to noncontrolling interests	24,049		(4,420)		19,629	Non-controlling interests

[Consolidated statements of comprehensive income]

Millions of Yen

	U.S. GAAP	Re-classification	Difference of recognition and measurement	Note	IFRS	
Comprehensive Income (Loss) :						Comprehensive Income :
Net income before attribution of noncontrolling interests	331,975		(15,723)		316,252	Profit for the year
Other comprehensive income (loss) (after income tax effect) :						Other comprehensive income :
						Items that will not be reclassified to profit or loss :
Unrealized holding gains (losses) on available-for-sale securities	40,871	5,574	52,759	e	99,204	Financial assets measured at FVTOCI
Defined benefit pension plans	(5,908)	4,179	(8,718)	c	(10,447)	Remeasurements of defined benefit pension plans
		(2,017)	1,574		(443)	Share of other comprehensive income of investments accounted for using the equity method
		(7,736)	(17,950)		(25,686)	Income tax relating to items not reclassified
						Items that may be reclassified subsequently to profit or loss :
Foreign currency translation adjustments	306,112	(185,527)	40,472	d	161,057	Foreign currency translation adjustments
Net unrealized losses on derivatives	(753)	7,087	406		6,740	Cash flow hedges
		177,157	(10,422)		166,735	Share of other comprehensive income of investments accounted for using the equity method
		1,266			1,266	Reclassification adjustments
		17	(11,484)		(11,467)	Income tax relating to items that may be reclassified
Total other comprehensive income (loss) (after income tax effect)	340,322	–	46,637		386,959	Total other comprehensive income
Comprehensive income (loss) before attribution of noncontrolling interests	672,297	–	30,914		703,211	Comprehensive income for the year
						Comprehensive income for the year attributable to :
Comprehensive income attributable to Mitsui & Co., Ltd.	631,260		33,085		664,345	Owners of the parent
Comprehensive income (loss) attributable to noncontrolling interests	41,037		(2,171)		38,866	Non-controlling interests

Yen

Net Income Attributable to Mitsui & Co., Ltd. per Share :						Earnings per share attributable to owners of the parent :
Basic	¥ 168.72	–	(6.19)		¥ 162.53	Basic

The following items are changes in the presentation in the consolidated statement of financial position and do not affect the consolidated statement of income, the consolidated statement of comprehensive income and retained earnings:

1. Under U.S. GAAP, trade receivables and payables that were recognized in the normal course of trading operations were classified as non-current items when the maturity date is over one year from the next business day of the consolidated balance sheets date. Under IFRS, trade receivables and trade payables that have a maturity date of more than one year to the maturity date are classified as current assets or liabilities if these trade receivables and payables are considered within the normal operating cycle. Accordingly, applicable trade receivables and payables have been reclassified as current items from non-current items.
2. IFRS does not permit deferred tax assets and liabilities to be classified as current assets and liabilities, whereas under U.S. GAAP deferred tax assets and liabilities are classified as current assets and liabilities or non-current assets and liabilities. Accordingly, all deferred tax assets and liabilities that were classified as current assets and liabilities under U.S. GAAP have been reclassified to non-current assets and liabilities.
3. Under U.S. GAAP, derivative receivables and payables to/from counterparties that are covered by master netting agreements were presented on a net basis. Under IFRS, those are presented on a net basis only when the companies have a legally enforceable right to set off the amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
4. Under U.S. GAAP, certain physical commodity swap transactions which were accounted for as derivatives prior to October 1, 2012 are accounted for as financings with physical commodities pledged as collateral beginning with the three-month period ended December 31, 2012. Under IFRS, these transactions are accounted for as derivatives continually.
5. In addition, certain line items under U.S. GAAP are aggregated or disaggregated to conform to IFRS presentational requirements.

Notes to the reconciliation of equity

a) Deemed cost
The companies elected to use the exemption under IFRS 1 to measure certain items of property, plant and equipment at the date of transition to IFRS at their fair value, and then used that fair value as their deemed cost. The fair value of property, plant and equipment subject to this provision was ¥129,482 million, and the carrying amount of those respective items recognized to reflect the declines of ¥86,826 million at the date of transition to IFRS. The impact of this change on cost of products sold for the year ended March 31, 2013 was ¥17,357 million.
These property, plant and equipment are valued based on independent appraisals, prices for similar asset or discounted future cash flows whichever management considers the most appropriate and categorized as level 3. The significant unobservable input for the fair value measurement is a discount rate.

b) Impairment
Under U.S. GAAP, when the companies' property, plant and equipment and intangible assets are tested for impairment their undiscounted future cash flows are compared to its carrying amount. If the undiscounted cash flows are less than the carrying amount, the excess of the carrying amount over the fair value of the asset is recognized as an impairment loss. Under IFRS, the excess of the carrying amount of an asset over its recoverable amount, which is the higher of value in use or fair value less costs to sell, is recognized as an impairment loss. The impact of this change on impairment loss of fixed assets for the year ended March 31, 2013 was ¥21,330 million.

c) Retirement benefit liabilities
The companies have defined benefit pension plans and severance indemnity plans, and recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the consolidated statements of financial position.

Under U.S. GAAP, the net actuarial gain or loss and net prior service cost or credit are included in 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. Under IFRS, the remeasurements of defined benefit pension plans are recognized in other components of equity and transferred to retained earnings when it occurs. The past service cost (income) is recognized immediately as the component of periodic pension costs. The amount that was reclassified from other components of equity to retained earnings at the date of transition to IFRS was ¥68,163 million.

d) Foreign currency translation adjustments
The companies elected to apply the exemption to deem the cumulative foreign currency translation adjustments to be zero at the date of transition to IFRS. This exemption has been applied to all subsidiaries and equity accounted investees in accordance with IFRS 1. The amount that was reclassified from other components of equity to retained earnings at the date of transition to IFRS was ¥380,457 million.

e) Financial assets measured at FVTOCI
Under U.S. GAAP, non-marketable equity securities are carried at cost, and when there is a decline in the value that is not temporary for such securities, the investment is reduced to its fair value and an impairment loss is recognized. Under IFRS, the companies elected to designate equity financial instruments other than those measured at amortized cost and those measured at FVTPL, regardless of whether they are listed or not, as equity financial assets measured at FVTOCI at initial recognition. The valuation differences and gain or loss on sales for FVTOCI are recognized in other components of equity. The impact of this change on other components of equity at the date of transition to IFRS was ¥316,576 million. And the impact of transferring the impairment losses that recognized under U.S. GAAP prior to the transition date from retained earnings to other components of equity was ¥126,515 million.

f) Joint arrangements
For investments in associated companies that had previously been accounted for using the equity method, under IFRS, the arrangement is considered to be a joint operation when the parties with joint control of the arrangement have substantial rights to the assets, and obligations for the liabilities. A joint operation is accounted for by recognizing the assets, liabilities, revenues and expenses relating to its interest in a joint operation.
The following table summarizes the change of recognition relating to joint operations:

Millions of Yen

	Date of transition to IFRS (April 1, 2012)	Before the Date of transition to IFRS (March 31, 2012)
Investments accounted for using the equity method	¥ –	¥ 42,450
Balances of assets and liabilities	42,450	–
Details:		
Current assets	25,311	–
Non-current assets	48,652	–
Total assets	73,963	–
Current liabilities	14,492	–
Non-current liabilities	16,994	–
Total liabilities	31,486	–
Adjustment in retained earnings	27	–

g) Income taxes
The aforementioned changes resulted in increases in the deferred tax liabilities (net of deferred tax assets) as follows:

Millions of Yen

	Prior fiscal year end (March 31, 2013)	Date of transition to IFRS (April 1, 2012)
Deemed cost	¥ (12,280)	¥ (14,933)
FVTOCI	229,725	172,004
Other	(4,615)	(25,971)
Increase in deferred tax liabilities [net of deferred tax assets]	212,830	131,100

The effects on the consolidated statements of comprehensive income for the year ended March 31, 2013 was to decrease the previously reported income taxes under U.S. GAAP by ¥81,730 million.

"Other" in the above table arises mainly from the factors explained below:

1. Under U.S. GAAP, deferred tax assets for deductible temporary differences arising from investments in associated companies are recognized to the extent that the realization of tax benefit is more likely than not. Under IFRS, deferred tax assets for deductible temporary differences arising from investments in associated companies and joint arrangements are only recognized to the extent that it is probable that they are recoverable and are expected to reverse in the foreseeable future. Furthermore, under U.S. GAAP, deferred tax liabilities recognized for taxable temporary differences relating to the investments in associated companies are measured using the tax rates applied in a manner consistent with its current use in the business, such as disposal of the investments. Under IFRS, deferred tax liabilities recognized for taxable temporary differences relating to the investments in associated companies and joint arrangements are measured using the tax rates applicable to the manner by which such differences are expected to be reversed, such as distribution of dividends.
2. Under U.S. GAAP, the tax effects arising from the elimination of intercompany unrealized gains are recognized as prepaid taxes using the sellers' tax amounts. However, under IFRS, these tax effects are recognized as deferred tax assets using the purchasers' tax rates to the extent that it is probable that they are expected to reverse in the foreseeable future and the temporary differences arose from the purchasers' assets.

As a result, deferred tax liabilities (net of deferred tax assets) decreased by ¥14,238 million and ¥25,075 million at March 31, 2013 and the date of transition to IFRS, respectively.

h) Retained earnings

The impact of how the transition from U.S. GAAP to IFRS has affected retained earnings is as follows:

As of the date of transition to IFRS (April 1, 2012)

	Note	Millions of Yen
Deemed cost	a	¥ (63,241)
Retirement benefit liabilities	c	(68,163)
Foreign currency translation adjustments	d	(380,457)
FVTOCI	e	126,515
Income taxes	g	(2,029)
Other		(10,209)
Total impact on retained earnings		(397,584)

At the prior fiscal year-end (March 31, 2013)

	Note	Millions of Yen
Deemed cost	a	¥ (51,890)
Impairment	b	(15,499)
Retirement benefit liabilities	c	(74,124)
Foreign currency translation adjustments	d	(379,002)
FVTOCI	e	136,916
Income taxes	g	(27,808)
Other		(2,956)
Total impact on retained earnings		(414,363)

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under U.S. GAAP for the year ended March 31, 2013.

30. AUTHORIZATION OF THE ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The issue of the consolidated financial statements was authorized by Masami Iijima, Representative Director, President and CEO, and Joji Okada, Representative Director, Executive Vice President and CFO, on June 20, 2014.

2. Others

Quarterly data for the year ended March 31, 2014

	Millions of Yen, Except Amounts per Share			
	Year ended March 31, 2014	Nine-month period ended December 31, 2013	Six-month period ended September 30, 2013	Three-month period ended June 30, 2013
Revenues	¥ 5,740,650	¥4,332,948	¥2,872,305	¥1,415,602
Income before Income Taxes and Equity in Earnings	453,732	316,575	202,408	111,997
Net Income Attributable to Mitsui & Co., Ltd.	422,161	301,945	197,201	125,802
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share (Yen)	¥ 231.79	¥ 165.44	¥ 108.05	¥ 68.93

	Three-month period ended March 31, 2014	Three-month period ended December 31, 2013	Three-month period ended September 30, 2013	Three-month period ended June 30, 2013
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share (Yen)	¥ 66.35	¥ 57.39	¥ 39.12	¥ 68.93

Notes: 1. Quarterly data for the year ended March 31, 2014 is prepared in accordance with U.S. GAAP.
2. Quarterly data for the year ended March 31, 2014 and for the three-month period ended March 31, 2014 are unaudited pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act.

Litigation

See Note 26, “CONTINGENT LIABILITIES.”

6. Outline Regarding the Administration of Mitsui's Stock

Fiscal Year	From April 1 to March 31
Ordinary general meeting of shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback and increase in holdings of shares less than one unit	
Place of handling	(Special account) Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Administrator of shareholder registry	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	------
Fees for buyback and increase in holdings	Amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice	Mitsui carries out its public notifications by means of electronic public notice. http://www.mitsui.com/jp/ja/koukoku/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholder privileges	Not applicable

(Note) Public notice of book closing is not included in the public notices shown in "Method of giving public notice."

7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2014 and the issuance date (June 20, 2014) of the original Japanese version of this Annual Securities Report.

(1) Annual Securities Report

Fiscal year (the 94th) From April 1, 2012 to March 31, 2013 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2013

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Confirmation Notes

(The 1st quarter of 95th period) (From April 1, 2013 to June 30, 2013) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 13, 2013

(The 2nd quarter of 95th period) (From July 1, 2013 to September 30, 2013) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2013

(The 3rd quarter of 95th period) (From October 1, 2013 to December 31, 2013) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 13, 2014

(3) Internal Control Report

Fiscal Year (the 94th) (From April 1, 2012 to March 31, 2013) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2013

(4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 24, 2013
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (resolutions of matters resolved at the General Meeting of Shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 16, 2014
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 (transfer of specified subsidiary), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 23, 2014
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in Representative Directors), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

(5) Shelf Registration Statement (corporate bonds)

1) Amended Shelf Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 21, 2013
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 24, 2013
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 13, 2013
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2013
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 16, 2014
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 23, 2014
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 13, 2014

(6) Related to Share Buyback Report

1) Share Buyback Report

(From February 1, 2014 to February 28, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 6, 2014

(From March 1, 2014 to March 31, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on April 7, 2014

2) Amended Share Buyback Report

(From February 1, 2014 to February 28, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 25, 2014

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

We have audited the accompanying consolidated financial statements of Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended (all expressed in Japanese yen), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui & Co., Ltd. and its subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translations

Our audit also includes the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditor's Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

June 20, 2014

Management's Annual Report on Internal Control over Financial Reporting (Translation)

NOTE TO READERS

Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Masami Iijima, Representative Director, President and CEO, and Joji Okada, Representative Director, Executive Vice President and CFO, are responsible for designing and operating effective internal control over financial reporting of Mitsui & Co., Ltd. ("the Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2014. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total asset (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany accounts) for the prior fiscal year, and those business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, (1) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of us, and (2) those business processes leading to other quantitatively material accounts. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters Relating to the Results of the Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2014.

4. Supplementary Matters

Not applicable.

5. Special Information

Not applicable.

Independent Auditors' Report (filed under the Financial Instruments and Exchange Act of Japan)

NOTE TO READERS: Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT
(filed under the Financial Instruments and Exchange Act of Japan)

June 20, 2014

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yoshio Sato

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Nobuaki Fuse

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hidehito Goda

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Michiyuki Yamamoto

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2014 of Mitsui & Co., Ltd. (the "Company") and its consolidated subsidiaries, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the fiscal year from April 1, 2013 to March 31, 2014, including notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2014.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit as independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2014 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.