Annual Securities Report
for the fiscal year ended March 31, 2016

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 21, 2016.

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.

All financial statements and information contained in this report have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board 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		97th	96th	95th	94th	Transition date
Year ended		March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	April 1, 2012
Consolidated financial data						
Revenue	(Millions of Yen)	4,759,694	5,404,930	5,731,918	4,912,118	-
Gross profit	(Millions of Yen)	726,622	845,840	880,106	814,139	-
Profit (loss) for the year attributable to owners of the parent	(Millions of Yen)	(83,410)	306,490	350,093	296,623	-
Comprehensive income for the year attributable to owners of the parent	(Millions of Yen)	(607,490)	406,583	521,457	664,345	-
Total trading transactions	(Millions of Yen)	9,616,821	10,827,831	11,155,434	10,050,556	-
Total equity attributable to owners of the parent	(Millions of Yen)	3,379,725	4,099,795	3,815,767	3,439,141	2,866,278
Total assets	(Millions of Yen)	10,910,511	12,202,921	11,491,319	10,777,274	9,493,804
Equity attributable to owners of the parent per share	(Yen)	1,885.47	2,287.17	2,128.73	1,884.33	1,570.61
Basic earnings per share attributable to owners of the parent	(Yen)	(46.53)	170.98	192.22	162.53	-
Diluted earnings per share attributable to owners of the parent	(Yen)	(46.54)	170.95	192.21	162.53	-
Equity attributable to owners of the parent ratio	(%)	30.98	33.60	33.21	31.91	30.19
Return on Equity (ROE)	(%)	(2.23)	7.74	9.65	9.41	-
Price Earnings Ratio (PER)	(Times)	-	9.43	7.59	8.08	-
Cash flows from operating activities	(Millions of Yen)	586,991	639,967	449,243	455,326	-
Cash flows from investing activities	(Millions of Yen)	(408,059)	(386,397)	(659,818)	(754,533)	-
Cash flows from financing activities	(Millions of Yen)	(50,548)	(126,193)	(13,237)	236,335	-
Cash and cash equivalents at end of year	(Millions of Yen)	1,490,775	1,400,770	1,226,317	1,432,534	1,431,112
Number of employees (excluding average number of part-time employees)	(Number of persons)	43,611 (10,784)	47,118 (11,139)	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.
4. Price Earnings Ratio (PER) in the 97th fiscal year is not disclosed as earnings per share is loss.

		U.S. GAAP		
Fiscal year		95th	94th	93rd
Year ended		March 31, 2014	March 31, 2013	March 31, 2012
Consolidated financial data				
Revenues	(Millions of Yen)	5,740,650	4,911,609	5,251,602
Income from continuing operations before income taxes and equity in earnings	(Millions of Yen)	453,732	314,098	413,211
Net income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	422,161	307,926	434,497
Comprehensive income attributable to Mitsui & Co., Ltd.	(Millions of Yen)	549,238	631,260	373,029
Total trading transactions	(Millions of Yen)	11,165,660	10,049,637	10,481,166
Total Mitsui & Co., Ltd. shareholders' equity	(Millions of Yen)	3,586,414	3,181,819	2,641,318
Total equity	(Millions of Yen)	3,868,066	3,440,104	2,860,810
Total assets	(Millions of Yen)	11,001,264	10,324,581	9,011,823
Shareholders' equity per share	(Yen)	2,000.78	1,743.34	1,447.34
Basic net income attributable to Mitsui & Co., Ltd. per share	(Yen)	231.79	168.72	238.10
Diluted net income attributable to Mitsui & Co., Ltd. per share	(Yen)	231.78	-	-
Shareholders' equity ratio	(%)	32.60	30.82	29.31
Return on Equity (ROE)	(%)	12.47	10.58	17.35
Price Earnings Ratio (PER)	(Times)	6.29	7.78	5.70
Cash flows from operating activities	(Millions of Yen)	521,524	461,430	380,984
Cash flows from investing activities	(Millions of Yen)	(704,516)	(753,297)	(438,191)
Cash flows from financing activities	(Millions of Yen)	(34,698)	221,635	57,394
Cash and cash equivalents at end of year	(Millions of Yen)	1,225,079	1,425,174	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 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
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.
Nov. 2014	Moved head office to Marunouchi, Chiyoda-ku, Tokyo due to reconstruction of the head office building

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 462 affiliated companies for consolidation, which consist of 207 overseas subsidiaries, 68 domestic subsidiaries, 153 overseas equity accounted investees and 34 domestic equity accounted investees.

Iron & Steel Products Segment

The Iron & Steel Products Segment consists of one business unit, the Iron & Steel Products Business Unit. Through the Iron & Steel Products Segment, we provide our customers 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, and in component suppliers and the iron and steel distribution industry.

Infrastructure

- Supply and sales expansion of steel products for infrastructure projects mainly in Asia, the Middle East and Africa
- Supply and sales expansion of high value-added steel products such as rails to Africa, Brazil and Australia

Automotive

- Automotive components manufacturing business and service center business

Energy

- Supply and sales expansion of high value-added steel products related to shale gas development and renewable energy, in addition to conventional steel products used in the energy industry
- Fabrication and assembly of offshore structures, as well as their maintenance including inspection, repair and technical assistance

Mineral & Metal Resources Segment

The Mineral & Metal Resources Segment consists of one business unit, the Mineral & Metal Resources Business Unit.
The Mineral & Metal Resources Segment mainly engages in the following fields of business, as described below:

Businesses relating to development of resources, production, processing and sales through investments

Iron Ore:
- Joint ventures with Rio Tinto and BHP Billiton in Australia
- Indirect shareholding of Vale S.A., a producer and seller of iron ore in Brazil

Coal:
- Joint ventures with Anglo American, Rio Tinto and BHP Billiton in Australia

Ferrous Raw Materials and Recycling Solutions:
- Metal scrap business through Sims in the U.S. and Australia
- Diversified businesses in areas such as coal, power generation, ferroalloys and chemical products through Erdos Electrical Power & Metallurgical Co., Ltd. in Inner Mongolia, China
- Mineral and metal resources recycling business in Japan and overseas, with a focus on global environmental protection

Copper:
- The Collahuasi, Anglo American Sur, and Caserones projects in Chile

Nickel:
- The Coral Bay and Taganito projects in Philippines

Aluminum:
- Alumina and aluminum ingot businesses through Albras and Alunorte projects in Brazil
- Aluminum coil center business through Garmco Singapore

Global trading business utilizing our logistics network
- Iron ore, ferrous raw materials such as metal scrap, hot briquetted iron, pig iron and ferroalloys, remanufactured automotive parts, coal, petroleum coke, copper concentrates and copper cathodes, nickel, aluminum, rare metals, etc.

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 mainly engages in the fields of business described below:

Electric power
- Independent power producer (IPP) business with thermal power, hydropower and renewable energy

Marine energy / Basic industry
- Marine energy business including FPSO (floating production, storage and offloading system for offshore oil and gas) facilities
- Core infrastructure business including LNG facilities for offloading/unloading, pipeline and local gas distribution business

Water treatment and supply / Logistics
- Development and operation of water supply and sewage, desalination, and wastewater treatment facilities in Mexico, China, Europe and Middle East
- Development and operation of logistics and social infrastructure projects mainly involving seaport and airport business

Integrated Transportation Systems Business Unit
The Integrated Transportation Systems Business Unit mainly engages in the fields of business described below:

Sea

· Sales of newbuilding ships, provision of ship management services, brokerage for chartering vessels and for sales and purchases of second-hand ships for ship owners and shipping companies in Japan and overseas, and sales of ship machinery to shipbuilders
· Ownership and operation of commercial ships and LNG carriers

Land

· Export, manufacturing and sales of Japanese automobiles and parts
· Import wholesaling, dealing and manufacturing of Japanese vehicles, logistics for vehicle parts, retail operations and retail finance worldwide
· Sales and ancillary services involving dump trucks for mining operations, hydraulic excavators, etc.
· Arrangement for rolling stock and locomotive operating and finance leasing in North America, Brazil, Europe and Russia, as well as provision of relevant operating, maintenance and management services
· General freight transport and passenger transport business in Brazil
· Truck leasing and truck rental business in North America

Air

· Sales, provision and arrangement of operating leases and finance leases for passenger aircraft, as well as aircraft engines to airlines in Japan and overseas

Chemicals Segment

The Chemicals Segment consists of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit.
The Basic Materials Business Unit, the Performance Materials Business Unit, and the Nutrition & Agriculture Business Unit have been newly established in place of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit, effective from April 2016. Due to this reorganization, part of the Food Resources Business Unit and the Food Product & Services Business Unit have been transferred to the Nutrition & Agriculture Business Unit.
The Chemicals Segment mainly engages in the fields of business described below:

Value chain relating to food and agriculture

· Agricultural chemicals business in Europe and the U.S.
· Phosphorus ore business in Peru and fertilizer business both within and outside Japan
· Food and nutrition sciences business

Responding to growing market needs for environmentally friendly and sustainable energy with our green and biochemical business

· Manufacture of bio-succinic acid in Canada
· Oleochemical business using palm oil as raw materials in Malaysia and China

Investment in manufacturing of products based on various competitive feedstock

· Production and sales of methanol in Saudi Arabia and the U.S.
· Salt production business in Australia

Supporting Japanese chemical manufactures with proprietary technology and products in starting up businesses overseas

· Production and sales of high-performance polyethylene resin in Singapore
· Production and sales of raw materials for high-performance polycarbonate in Germany

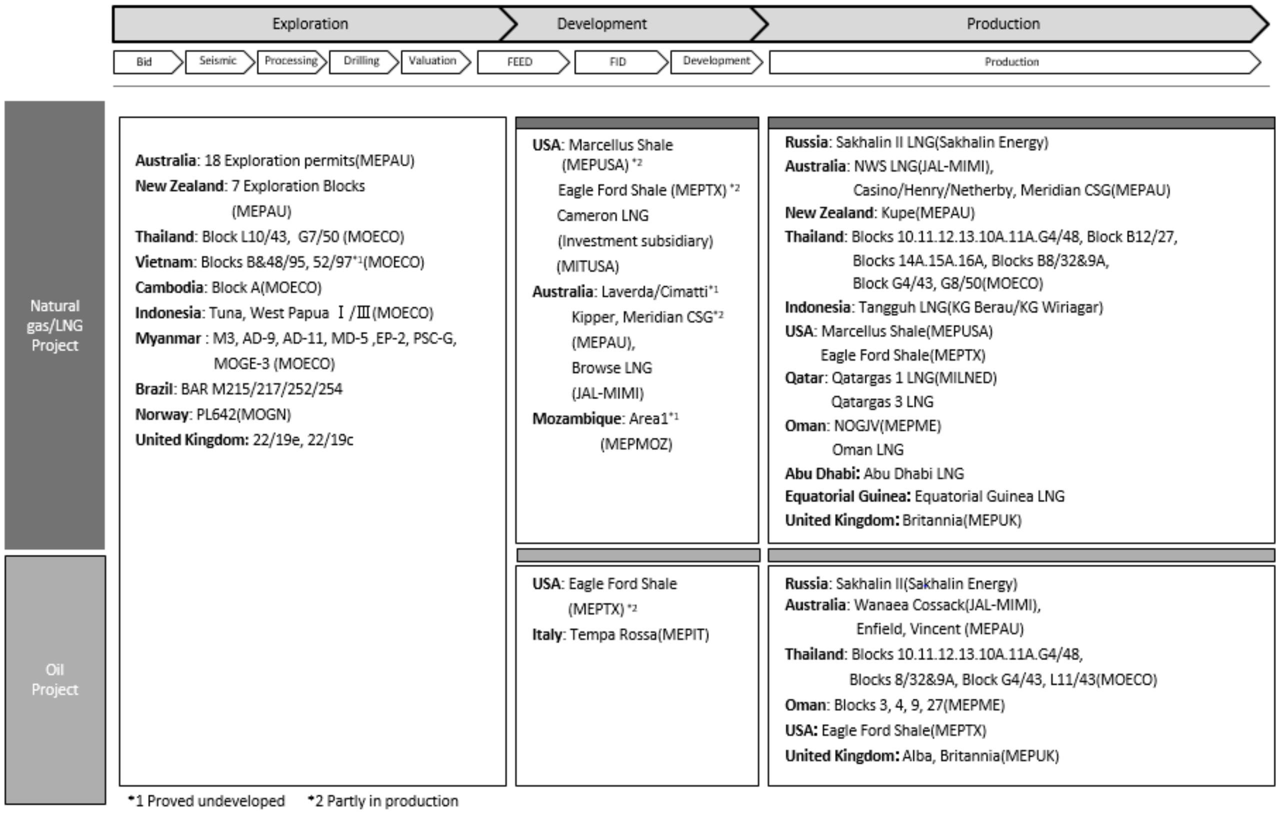
Energy Segment

The Energy Segment consists of two business units, the Energy Business Units I and II.
The Energy Segment engages mainly in the fields of business described below:

· Exploration, development and production of energy resources including oil and natural gas/LNG (Main businesses are shown in the below chart.)
· Trading and marketing of oil, natural gas/LNG, petroleum products, coal, uranium etc.
· Environmental and next-generation energy businesses toward the realization of a low-carbon society

Upstream・Midstream Assets (Natural Gas/LNG/Oil)

As of March 31, 2016



*1 Proved undeveloped　*2 Partly in production

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.
Part of the Food Resources Business Unit & the Food Product and Services Business Unit have been transferred to the Nutrition & Agriculture Business Unit, effective from April 2016. The Healthcare & Service Business Unit and the Consumer Business Unit have been newly established in place of the Consumer Service Business Unit.

The Lifestyle Segment mainly engages in the fields of business described below.

Building a food value chain
- Securing and supply of grains, oils and fats, sugars, livestock and marine products, beverage materials, dairy products and other such items worldwide
- Supply of edible oils, refined sugar, compound feed stuffs and other products on a global scale
- Sales of processed foods and alcoholic beverages, etc. for supermarkets, convenience stores, contract food and catering services, and restaurant chains
- Support for Japanese retailers, including convenience stores, in their efforts to achieve global expansion

Medical and healthcare
- Hospital business and its ancillary business
- Pharmaceutical manufacturing and development support business
- Manufacturing and sales of generic pharmaceuticals

Services
- Outsourcing business focusing mainly on contract food services and facility management services
- Healthcare staffing services and educational business

Real estate
· Development, leasing and property management of office buildings, industrial facilities, and residences

Housing and industrial materials
· Woodchip business, pulp and paper products, lumber businesses, sales of Off Road tires, and manufacturing and sales of sanitary ware

Fashion
· Brand marketing business for global markets, OEM business for apparel, and export of advanced functional materials and textile fabrics

Innovation & Corporate Development Segment

The Innovation & Corporate Development Segment consists of two business units, the IT & Communication Business Unit and Corporate Development Business Unit.

The Innovation & Corporate Development Segment mainly engages in the fields of business described below:

ICT business featuring added value unique to Mitsui
· High-speed internet infrastructure business in emerging economies
· Operation of service platforms and service business such as marketing
· Broadcasting services and TV shopping business
· IoT
· SI, cyber security and cloud service business

Expanding into new areas by utilizing financial and logistics expertise to evolve our business
· Asset management, leasing and insurance
· Buyout investment and venture investment
· Commodity derivatives and provision to clients and the group companies with hedging tools for price fluctuation risks of commodities
· Logistics center business including warehousing and delivery centers and establishment and proposal of logistics strategies for clients

Americas Segment

Leveraging our extensive expertise in business investment in the U.S., an incubation center for new businesses, the Americas Segment mainly engages in the fields of business described below:

Metals business area
· Streamlining processes at each stage of the value chain in alliances with steelmakers, steel processors, major customers and recycling companies
· Provision of a full range of processing services of steel products through Steel Technologies LLC (50% shareholdings) and other affiliated companies
· Provision of oil and gas well tubular products and other energy-related steel products through Champions Pipe & Supply, Inc. and Cinco Pipe and Supply, Inc.

Machinery & Infrastructure business area
· Development and operation of large-scale infrastructure projects and related businesses centered on power generation, water treatment, transportation, and energy and mineral resources mainly in Brazil and Mexico
· Expansion and reinforcement of businesses related to automotive, construction machinery, ships, aerospace and transportation

Chemicals business area
· Trading of products such as petrochemical products, food and feed additives, chemical fertilizers, pesticides, synthetic resins, and resin additives
· Production and sales of amino acids used in feedstuffs at Novus International, Inc.
· Tank terminal operations at Intercontinental Terminals Company LLC

Lifestyle business area
· Businesses related to food materials and processed food products, medical and healthcare, housing and

industrial materials, fashion, services, and real estate
- Grain origination and export business at United Grain Corporation of Oregon
- Single Family and Multi-family residential development, and Senior housing development and operation at MBK Real Estate LLC

Others
- Identifying and forming new projects in the Energy and Innovation & Corporate Development business areas

Europe, the Middle East and Africa Segment

Mitsui & Co. Europe PLC, other subsidiaries and branches, along with the affiliated companies, cooperate with each of the headquarter business units and regional business units.
This segment mainly engages in the fields of business described below:

Metals business area
- Sale of oil and gas well tubular products and line pipe, providing Supply Chain Management services for the energy-related industry, and fabrication and assembly of offshore structures as well as their inspection, repair and maintenance
- Processing and sales of steel products including automotive and electrical steel sheets in Europe
- Joint venture with a packaging manufacturer and sales of tin materials in Africa, Turkey and Turkey's neighboring countries
- The sale of steel materials for transportation infrastructure, such as building and rail materials, with main focus in the Middle East and Africa
- Sales and intermediary services for iron and steel raw materials, steel scrap, as well as nonferrous metals and their products

Energy business area
- Development and promotion of energy resources projects including LNG
- Sales and intermediary services involving energy resources

Machinery & Infrastructure business area
- Power generation (thermal, wind and solar power) business in Europe, the Middle East and Africa
- Water utility and sewer concession business in Europe
- Offshore-related business (FPSO)
- Port operation business mainly in Africa
- Building and chartering ships, and leasing of locomotive, aircraft and aircraft engines

Chemicals business area
- Sales and intermediary services involving chemical products and materials
- Operation of chemical tank terminal in Belgium

Lifestyle business area
- Fashion brand and license businesses aimed at the Japanese and the Asian market
- Medical and healthcare related businesses including pharmaceutical manufacturing support business
- Global development support for European services centered on the education industry
- Sales and intermediary services involving food and food materials

Asia Pacific Segment

In the Asia Pacific Segment, trading subsidiaries including Mitsui & Co. (Asia Pacific) Pte. Ltd. (Singapore), Mitsui & Co. (Thailand) Ltd. and Mitsui & Co. (Australia) Ltd., subsidiaries and associated companies jointly collaborate with other business units and regional business units. This segment mainly engages in the fields of business described below:

ASEAN Region
- Engaging in various businesses involving chemical products, steel and metal products, industrial projects and foods
- Supplying tap water under long-term water supply agreements with local public water utilities in Thailand

Southwest Asia

- Import and export related transactions
- Various manufacturing and sales operations in India with Indian companies, and pursuing opportunities for investment in infrastructure including logistics infrastructure in India

Oceania

- Development of mineral resources such as iron ore and coal
- Energy business including wind power generation
- Export sales of agricultural crops including wheat

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	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
Machinery & Infrastructure	Mitsui & Co. Plant Systems, Ltd.	Sales of various plants, electric power facilities and transportation equipment	Japan	100.0
	KARUGAMO ENERGY MANAGEMENT PTY. LIMITED	Investments in power generation business	Australia	100.0
	MIT POWER CANADA LP INC.	Investment in Greenfield Power Generation Project in Ontario	Canada	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	100.0
	Mit-Power Capitals (Thailand) Limited	Investment in cogeneration service business in Thailand	Thailand	100.0
	ATLATEC, S.A. de C.V.	Designing, building and operation of wastewater treatment plants	Mexico	85.0
	MyPower Corp.	Investment and management of power projects in U.S.	U.S.A.	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Machinery & Infrastructure	MIZHA ENERGIA PARTICIPACOES S.A.	Investment in power producing business in Brazil	Brazil	100.0
	MIT SAFI COMPANY LIMITED	Investment in power generation business in Morocco	United Kingdom	100.0
	Portek International Private Limited	Development and operation of container terminal	Singapore	100.0
	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
	Veloce Logistica SA	Auto parts logistics	Brazil	100.0
	MBK Commercial Vehicles Inc.	Investment in full-service truck leasing, rental and logistics business	U.S.A.	100.0
	MBK USA Commercial Vehicles Inc.	Investment in full-service truck leasing, rental and logistics business	U.S.A.	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
	Bussan Automotive Singapore Pte. Ltd.	Investment in two-wheeled vehicle related companies in India	Singapore	100.0
	Komatsu-Mitsui Maquinarias Peru S.A.	Sales of construction and mining equipment	Peru	60.0
	Road Machinery, LLC	Sales of construction and mining equipment	U.S.A.	100.0
	Ellison Technologies Inc.	Sales of machine tools	U.S.A.	88.8
	MITSUI BUSSAN MACHINE TEC CO., LTD.	Sale of machine tools and peripheral equipment	Japan	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
	Guarana Urban Mobility Incorporated	Investment in passenger transportation business in Brazil	Japan	50.1
	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
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 Bussan Chemicals Co., Ltd.	Sales and trading of solvents and coating materials	Japan	100.0

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Chemicals	MITSUI & CO. PLASTICS LTD.	Sales of plastics and chemicals	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 AgriScience International Inc.	Investments in crop protection businesses in Americas	U.S.A.	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	74.3
	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
	MEP Texas Holdings LLC	Investment in oil and gas in Americas	U.S.A.	100.0
	Mitsui & Co. Energy Trading Singapore Pte. Ltd.	International trading of petroleum products and crude oil	Singapore	100.0
	Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands	100.0
	Mitsui & Co. LNG Investment USA, Inc.	Investment in natural gas liquefaction business in the U.S. and sales of LNG	U.S.A.	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	51.3
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	100.0
	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

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Lifestyle	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. FORESIGHT LTD.	Property management	Japan	100.0
	UHS Partners, Inc.	Investment in healthcare staffing business	U.S.A.	100.0
	Mitsui Bussan Woodchip Oceania Pty. Ltd.	Plantation, processing and sales of woodchip	Australia	100.0
	MITSUI & CO. REAL ESTATE LTD.	Real estate sales, leasing and brokerage	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 for production and procurement of apparel	Japan	100.0
	Paul Stuart, Inc.	Luxury clothing retailer	U.S.A.	100.0
Innovation & Corporate Development	MITSUI KNOWLEDGE INDUSTRY CO., LTD.	Planning, development and sales of information and communication systems	Japan	100.0
	Mitsui Bussan Electronics Ltd.	Sales of electronics device and equipment	Japan	100.0
	Mitsui Bussan Secure Directions, Inc.	Cyber security business	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 energy and basemetal 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
	MITSUI PLASTICS INC.	Sales of chemicals	U.S.A.	100.0
	Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A.	65.0
	Intercontinental Terminals Company LLC	Chemical tank leasing	U.S.A.	100.0
	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

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
Americas	Mitsui & Co. (Canada) Ltd.	Trading	Canada	100.0
	MITSUI & CO. (BRASIL) S.A.	Trading	Brazil	100.0
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	75.1
	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 & Co. Trade Services Ltd.	Provision of logistics-related services to Mitsui and its subsidiaries	Japan	100.0
	Mitsui & Co. Financial Management, Ltd.	Provision of accounting and treasury-related services to Mitsui	Japan	100.0

* Mitsui & Co. Mineral Resources Development (Latin America) Ltd., Mitsui Bussan Copper Investment & Co., Ltd., Oriente Copper Netherlands B.V., KARUGAMO ENERGY MANAGEMENT PTY. LIMITED, Mitsui Raw Materials Development Pty. Limited, and Tokyo International Air Cargo Terminal Ltd. were in a financial condition with liabilities in excess of assets. The amount of negative net worth as of March 31, 2016 were ¥120,153 million, ¥79,912 million, ¥58,528 million, ¥49,354 million, ¥30,389 million, and ¥24,645 million, respectively.

(3) Major Equity Accounted Investees

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
	SIAM YAMATO STEEL COMPANY LIMITED	Manufacture and sales of steel products	Thailand	20.0
	*Mahindra Sanyo Special Steel Pvt. Ltd.	Manufacture and sales of special steel products	India	20.0
	*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
	*GONVARRI EOLICA, SL	Manufacture of wind turbine towers and flanges	Spain	25.0
Mineral & Metal Resources	Valepar S.A.	Holding Company of Vale S.A.	Brazil	18.2
	Inner Mongolia Erdos Electrical Power & Metallurgical Group Limited By Shares	Coal mining, power generation, ferrous alloy and chemical production and water pumping	China	25.0
	NIPPON AMAZON ALUMINIUM CO., LTD.	Investments in aluminum 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
	*Galaxy Newspring Pte. Ltd.	Investments in water business in China	Singapore	50.0
	*JM ENERGY CO., LIMITED	Investment in power generation business in China	Hong Kong	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 Holdings (UK) Limited	Power plant business in the United Kingdom	United Kingdom	26.3
	MT Falcon Holdings Company, S.A.P.I. de C.V.	Investment in power generation business in Mexico	Mexico	40.0
	VLI S.A.	Integrated freight transportation business in Brazil	Brazil	20.0
	Penske Automotive Group, Inc.	Automotive retailer	U.S.A.	18.2
	*TOYOTA MANILA BAY CORPORATION	Retail sales of Toyota cars	Philippines	40.0
	*PT. Yamaha Indonesia Motor Manufacturing	Manufacture and sales of motorcycles	Indonesia	15.0
	TAIYOKENKI RENTAL CO., LTD	Rental of construction machinery	Japan	25.9
	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

Operating Segment	Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of Voting Shares (%)
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
Lifestyle	FEED ONE CO., LTD.	Manufacture and sales of compound feedstuffs	Japan	25.0
	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
	*ARAMARK Uniform Services Japan Corporation	Rental and sales of uniforms	Japan	39.2
	*Sumisho & Mitsuibussan Kenzai Co., Ltd.	Sales of building materials, contract of construction work and import of various building materials	Japan	50.0
	SOGO MEDICAL CO., LTD.	Dispensary pharmacy business, total solutions for medical institution management	Japan	25.6
	Fuji Pharma Co., Ltd.	Manufacture and sale of pharmaceutical products	Japan	22.9
Innovation & Corporate Development	Relia Inc.	Comprehensive telemarketing and direct marketing operations	Japan	34.4
	QVC JAPAN INC.	Multimedia retail business based on TV shopping	Japan	40.0
	CCTV Shopping Co., Ltd.	Service for TV shopping business in China	China	25.0
	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, 2016 was ¥29,291 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, 2016

Operating Segment	Number of Employees	
Iron & Steel Products	1,519	(110)
Mineral & Metal Resources	429	(13)
Machinery & Infrastructure	16,172	(4,119)
Chemicals	2,274	(262)
Energy	764	(43)
Lifestyle	9,778	(4,775)
Innovation & Corporate Development	3,571	(1,100)
Americas	3,829	(81)
Europe, the Middle East and Africa	874	(22)
Asia Pacific	1,280	(58)
All Other	3,121	(201)
Total	43,611	(10,784)

(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, 2016

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary (Thousands of Yen)
6,006	42.4	18 years 10 months	13,633

Operating Segment	Number of Employees
Iron & Steel Products	327
Mineral & Metal Resources	245
Machinery & Infrastructure	788
Chemicals	569
Energy	420
Lifestyle	808
Innovation & Corporate Development	406
Americas	230
Europe, the Middle East and Africa	158
Asia Pacific	236
All Other	1,819
Total	6,006

(Notes) 1. The number of employees includes 1,178 seconded employees and 101 extended employment staff. However, 295 contract workers (including 159 workers seconded to Mitsui from outside Mitsui) and 166 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, 2016 and 2015, 3) 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."

2. Purchases, Sales Contracts and Trading Transactions

(1) Purchases

In all operating segments, as the difference between the amount of purchases and the amount of 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, 2016 and 2015," and Note 7, "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, those 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) Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-”

Note: The following describes a part of the contents of the New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-” announced in May 2014.

Basic policies of the Medium-term Management Plan

Basic Policy

① Provide industrial solutions to our customers’ needs through higher level of competitiveness, managerial excellence and successful business development

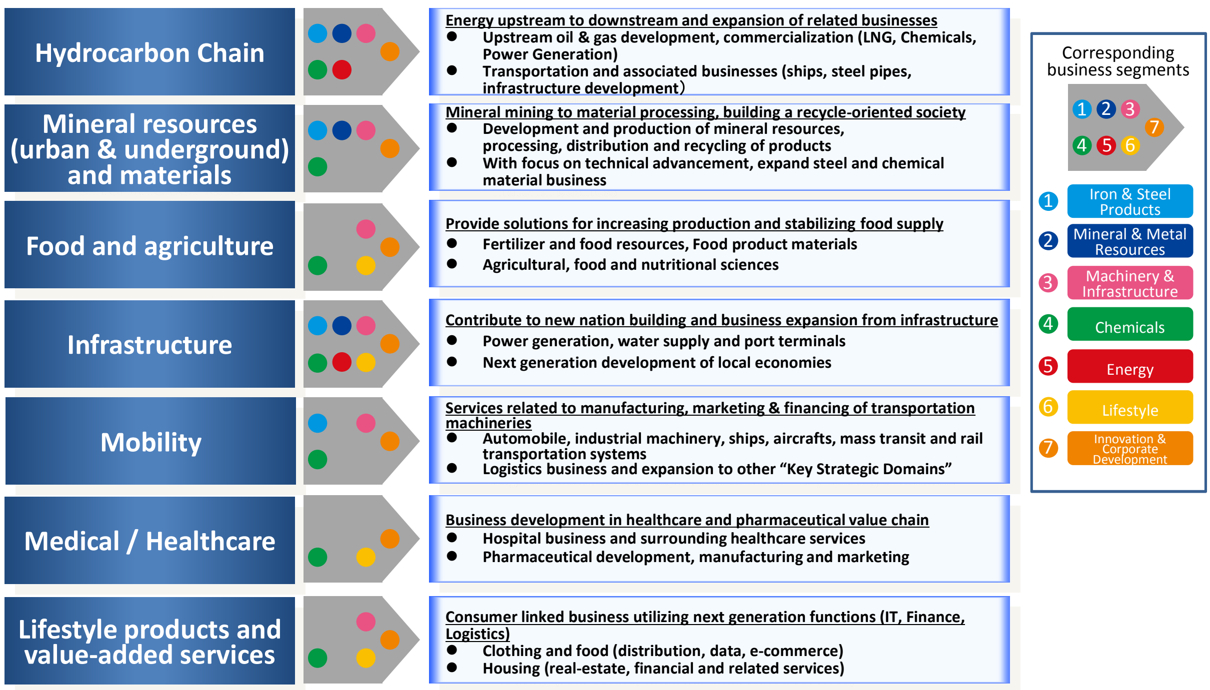
⇒ Establishing “Key Strategic Domains” in line with our core strengths

② Enhance earnings base of “Existing Business” and fully execute “Projects in the pipeline” *

③ Pursue both “New Investments” and “Shareholder Return” backed by strong cash generation capabilities

*In 2009, we announced our Long-Term Management Vision outlining our vision for the coming ten years.

Seven Key Strategic Domains:



(2) Progress with the Medium-term Management Plan

Review of the second year, the year ended March 31, 2016, of the Medium-term Management Plan is outlined below.

1) Establishing “Key Strategic Domains” in line with our core strengths and
2) Enhance earnings base of “Existing Business” and fully execute “Projects in the pipeline”
In the second year of the Medium-term Management Plan, to further enhance our earnings base, we worked to expand our stable earning business that receives little direct impact from the mineral resources and

energy market and therefore can be expected to be good revenue earners, and moved forward in the combined reinforcement of three key strengths: reserves, output and production cost in the mineral resources and energy business areas.

Expanding stable earning business

Key Strategic Domains	Areas of particular strength	Examples of bolstering profitability
Hydrocarbon Chain Energy upstream to downstream and expansion of related business	Chemicals business in US on back of competitive feedstock (e.g. shale gas) and strong product demand, downstream business in Energy area	・Methanol production in US : commenced production ・Expansion of US tank terminal business : Phase-I completed, Phase-II on-going ・Cameron LNG in US : construction on-going
Mineral resources (urban & underground) and materials Mineral mining to material processing, building a recycle-oriented society	Automotive materials and components	・Carbon fiber products in Norway : invested ・Carbon fiber composites in South Korea : invested
Food and agriculture Provide solutions for increasing production and stabilizing food supply	Expanding business by utilizing market presence	・Novus (methionine product) in US : progressed expansion plan ・Expanded Salmon business in Chile : invested
Infrastructure Contribute to new nation building and business expansion from infrastructure	Growing group of infrastructure projects that generate stable cash flows	・Expansion of natural gas distribution business in Brazil : invested ・IPP business in Oman : agreed to participate
Mobility Services related to manufacturing, marketing & financing of transportation machineries	Strong automobile dealerships, commercial logistics business in Americas	・Truck leasing in US : commenced profit contribution ・VLI in Brazil : commenced full-year profit contribution
Medical / Healthcare Business development in healthcare and pharmaceutical value chain	Expanding peripheral business around core hospital network, supporting pharmaceutical business	・IHH (Asian hospital group) : expanded ・MIMS (Asian pharmaceutical information service) : joint acquisition ・NovaQuest (US pharmaceutical fund) : expanded

Progress in combined reinforcement of three key strengths: reserves, output and production cost at mineral resources and energy business areas

- Australia: West Angelas iron ore mine and Cape Lambert port (completed expansion)
- Australia: Kipper Gas field (acquisition of interest), Australia: Greater Western Flank Gas field (final investment decision)

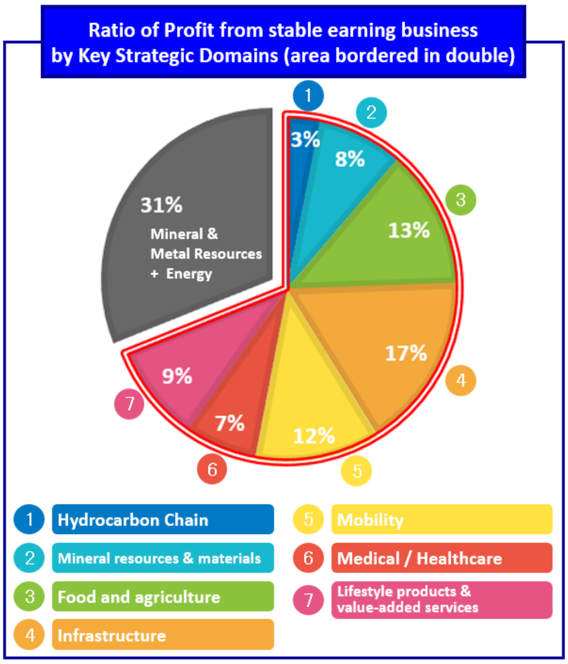
3) Pursue both "New Investments" and "Shareholder Return" backed by strong cash generation capabilities
For further information regarding investments and asset recycling, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 4) Investments and Loans, Financial Policies."
For further information regarding shareholder return policy, see "4. Corporate Information, 3. Shareholder Return Policy."

(3) Business approach for the year ending March 31, 2017

Business approach for the final year, the year ending March 31, 2017, of the Medium-term Management Plan is outlined below.

1) Thorough enhancement of underlying earning strength in existing and developing businesses
The Company will expand its stable earning business according to its Key Strategic Domains to create stable profit growth with little direct impact from the mineral resources and energy market. Furthermore, as shown in the pie chart, profit for the year ending March 31, 2017 from stable earning business is expected to make up 70% of the total, with a balanced business portfolio expected.

Key Strategic Domains	Main Business
Hydrocarbon Chain Energy upstream to downstream and expansion of related business	Tank terminal (*), Methanol (*),
Mineral resources (urban & underground) and materials Mineral mining to material processing, building a recycle – oriented society	Marketing of steel products and plastics, Automotive components in the Americas
Food and agriculture Provide solutions for increasing production and stabilizing food supply	Agricultural chemicals, Edible oil products in US, Sugar
Infrastructure Contribute to new nation building and business expansion from infrastructure	IPP, FPSO leasing (*), Gas distribution in Brazil (*)
Mobility Services related to manufacturing, marketing & financing of transportation machineries	Marketing of automobiles and Truck leasing (*), Rolling stock leasing, Integrated freight transportation in Brazil
Medical / Healthcare Business development in healthcare and pharmaceutical value chain	Hospitals in Asia, Supporting pharmaceutical development
Lifestyle products and value-added services Consumer linked business utilizing next generation functions (IT, Finance, Logistics)	TV shopping, leasing business, Food service



(*) commenced full-year contribution in the Year Ending March 31, 2017 (including expansion / additional investment)

In one of the Company's strengths, the mineral resources and energy business, we will continue to ensure the combined reinforcement of three key strengths: reserves, output and production cost. Our mineral resources and energy business is founded on a long history and consist of assets with world-class competitiveness. In the environment of continued low commodities prices, we will further strengthen the competitiveness of underlying earning strength while implementing the following four initiatives.

- Further improvement of competitiveness through streamlining operations and cost reduction
- Completion of major developing projects without delay
- Undertaking associated infrastructure businesses to secure stable earning base
- Higher priority on iron ore and gas projects

2) Establishing new earning base in growth areas and realizing potential value

Aiming for the establishment of new earning base, we will concentrate on business areas where existing businesses and knowledge can be utilized. High-performance materials to respond to automotive lightening, the livestock and marine products and food-science business to respond to the global population increase and economic growth, the development of the ancillary business around hospital network centered on IHH Healthcare Bhd, as well as data analytics utilizing IoT and high-speed data communication and TV shopping in emerging countries all fall under these areas.

We will also focus on our existing businesses that still have hidden value in order to fully realize their potential. To be specific, we will prioritize the restructuring and improvement of the business assets of those challenged businesses, and we will also work to strengthen the profitability of our domestic businesses and marketing networks by pushing through structural reform.

As means of pursuing the above initiatives, we will streamline investments in existing businesses and projects in the pipeline from the planned amount originally set, and focus investments for growth on areas of stable earning businesses, while also focusing on re-allocating our resources, including human resources, gained through this streamlining.

3) Pursue both "New Investments" and "Shareholder Return" by maintaining commitment to cash flow management

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) Investments and Loans, Financial Policies."

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

(4) Forecasts for the year ending March 31, 2017

1) Forecasts for the year ending March 31, 2017

[Assumption]		
Exchange rate (JPY/USD)	110.00	119.99
Crude oil price (JCC)	$49/bbl	$49/bbl
Consolidated oil price	$45/bbl	$53/bbl

(Billions of yen)	March 31, 2017 Forecast	March 31, 2016 Result	Change	Description
Gross profit	640.0	726.6	(86.6)	Lower crude oil and gas prices
Selling, general and administrative expenses	(550.0)	(566.0)	+16.0	Decline in costs
Gain (loss) on investments, fixed assets and other	50.0	(39.6)	+89.6	Coal, Oil & gas businesses: reversal effects, Asset recycling
Interest expenses	(30.0)	(19.4)	(10.6)	Increase in interest payments
Dividend income	50.0	54.7	(4.7)	Decline in dividend from LNG projects
Profit (loss) of equity method investments	170.0	(132.0)	+302.0	Copper, LNG, IPP businesses: reversal effects
Profit before income taxes	330.0	24.3	+305.7	
Income taxes	(120.0)	(91.2)	(28.8)	Increase in PBT
Non-controlling interests	(10.0)	(16.5)	+6.5	
Profit (loss) for the year attributable to owners of the parent	200.0	(83.4)	+283.4	

Depreciation and amortization	230.0	253.2	(23.2)	Effects of impairments
EBITDA (*)	540.0	336.4	+203.6	

Core operating cash flow	360.0	471.7	(111.7)	

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

We assume foreign exchange rates for the year ending March 31, 2017 will be ¥110/US$, ¥85/AU$ and ¥30/BRL, while average foreign exchange rates for the year ended March 31, 2016 were ¥119.99/US$, ¥88.24/AU$ and ¥33.52/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2017 will be US$45/barrel, down US$8 from the previous year, based on the assumption that the crude oil price (JCC) will average US$49/barrel throughout the year ending March 31, 2017.

・Gross profit for the year ending March 31, 2017 is expected to be ¥640.0 billon reflecting lower crude oil and gas prices.

・Selling, general and administrative expenses is expected to be ¥550.0 billion reflecting decline in costs.

・Gain on investments, fixed assets and other is expected to be ¥50.0 billion due to one-time positive impacts from asset recycling as well as the reversal effects of impairment losses at coal mining operation in Australia and shale oil and gas projects in the United States in the year ended March 31, 2016.

・Interest expenses is expected to be ¥30.0 billion reflecting an increase in interest payments due to the increase in the interest rate on the U.S. dollar.

・Dividend income is expected to be ¥50.0 billion reflecting a decline in dividends from LNG projects.

・Profit of equity method investments is expected to be ¥170.0 billion due to reversal effects of impairment losses at copper businesses, LNG businesses and IPP businesses in the year ended March 31, 2016.

・Income taxes are forecasted to be ¥120.0 billion due to an increase in profit before income taxes.

As a result, profit for the year attributable to owners of the parent is expected to be ¥200.0 billion.

In addition to the above, depreciation and amortization is expected to be ¥230.0 billion due to impairment losses in the year ended March 2016; projected EBITDA is ¥540.0 billion. Furthermore, core operating cash flow is forecasted to be ¥360.0 billion.

The forecast for profit (loss) for the year attributable to owners of the parent by operating segment is described as follows:
Effective April 1, 2016, part of the food business, included in the Lifestyle Segment until March 31, 2016, was transferred to the Chemicals Segment.
In accordance with the aforementioned change, the operating segment information for the year ended March 31, 2016 has been restated to conform to the operating segment as of April 2016.

(Billions of yen)	Year ending March 31, 2017	Year ended March 31, 2016	Change
Iron & Steel Products	5.0	6.3	(1.3)
Mineral & Metal Resources	45.0	(162.5)	+207.5
Machinery & Infrastructure	60.0	18.3	+41.7
Chemicals	15.0	18.6	(3.6)
Energy	0	(3.9)	+3.9
Lifestyle	15.0	(14.9)	+29.9
Innovation & Corporate Development	10.0	16.1	(6.1)
Americas	25.0	28.3	(3.3)
Europe, the Middle East and Africa	5.0	3.5	+1.5
Asia Pacific	20.0	11.6	+8.4
All Other/Adjustments and Eliminations	0	(4.8)	+4.8
Consolidated total	200.0	(83.4)	+283.4

- The forecast for the Iron & Steel Products Segment is ¥5.0 billion, a decline of ¥1.3 billion from the year ended March 31, 2016 due to reversal effects of gains on stock sales in the year ended March 31, 2016.

- The forecast for the Mineral & Metal Resources Segment is ¥45.0 billion, an improvement of ¥207.5 billion from the year ended March 31, 2016, reflecting the reversal effects of impairment losses at copper businesses in Chile and coal mining operations in Australia as well as consolidating losses at Valepar.

- The forecast for the Machinery & Infrastructure Segment is ¥60.0 billion, an increase of ¥41.7 billion from the year ended March 31, 2016, taking into consideration the reversal effects of a one-time negative impact at IPP businesses.

- The forecast for the Chemicals Segment is ¥15.0 billion, a decline of ¥3.6 billion from the year ended March 31, 2016, due to the reversal effects of the sale of stakes in relation to basic chemicals business, in spite of an increase reflecting joint ownership of Novus International, Inc. with the Americas Segment.

- The forecast for the Energy Segment is ¥0.0 billion, an improvement ¥3.9 billion from the year ended March 31, 2016, due to the reversal effects of impairment losses at LNG businesses in Australia and shale gas and oil projects in the United States, in spite of lower crude oil prices and the reversal effects of foreign exchange translation gain due to liquidation of Mitsui & Co. LNG Investment Limited.

- The forecast for the Lifestyle Segment is ¥15.0 billion, an improvement of ¥29.9 billion from the year ended March 31, 2016, reflecting the reversal effects of impairment losses on fixed assets, tax expenses and poor performance of origination and merchandising of agricultural products at Multigrain Trading AG.

- The forecast for the Innovation & Corporate Development Segment is ¥10.0 billion, a decline of ¥6.1 billion from the year ended March 31, 2016, taking into consideration the reversal effect of the valuation of fair value on shares in Hutchison China MediTech.

- The forecast for the Americas Segment is ¥25.0 billion, a decline of ¥3.3 billion from the year ended March 31, 2016, reflecting lower methionine prices at Novus International, Inc. The forecast for the Europe, the Middle East and Africa Segment is ¥5.0 billion, an increase of ¥1.5 billion from the year ended March 31, 2016. The forecast for the Asia Pacific Segment is ¥20.0 billion, an increase of ¥8.4 billion from the year ended March 31, 2016, reflecting the reversal effects of impairment losses at coal mining operations in Australia.

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

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2017. The effects of movements on each commodity price and foreign exchange rates on profit (loss) for the year attributable to owners of the parent are included in the table.

Impact on profit (loss) for the year attributable to owners of the parent for the Year ending March 31, 2017			March 2017 Assumption	March 2016 Result
Commodity	Crude Oil/JCC	¥2.9 bn (US$1/bbl)	49	49
	Consolidated Oil Price (*1)		45	53
	U.S. Natural Gas (*2)	¥0.8 bn (US$0.1/mmBtu)	2.40 (*3)	2.63 (*4)
	Iron Ore	¥3.2 bn (US$1/ton)	(*5)	52 (*6)
	Copper	¥1.0 bn (US$100/ton)	5,500	5,501 (*7)
Forex (*8)	USD	¥1.4 bn (¥1/USD)	110	119.99
	AUD	¥0.8 bn (¥1/AUD)	85	88.24
	BRL	¥0.3 bn (¥1/BRL)	30	33.52

(*1) The oil price trend is reflected in profit (loss) for the year attributable to owners of the parent with a 0-6 month time lag. For the year ending March 31, 2017, we assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 4-6 month time lag, 31%; 1-3 month time lag, 35%; no time lag, 34%.
(*2) US shale gas is not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales prices.
(*3) For natural gas sold in the US on HH linked prices, the assumed price used is US$2.40/mmBtu.
(*4) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2015 to December 2015.
(*5) We refrain from disclosing the iron ore price assumptions.
(*6) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2015

to March 2016.

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

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

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for profit (loss) for the year attributable to owners of the parent for the years ended March 31, 2016 and 2015 reported by overseas subsidiaries and associated companies were ¥156.3 billion of loss and ¥291.7 billion of gain, 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 (loss) for the year attributable to owners of the parent for the year ending March 2017.

i) We aggregated a total projected profit (loss) for the year attributable to owners of the parent in the business plans of these companies covering the year ending March 31, 2017, according to their functional currencies. Firstly, we aggregated Australian dollar- and Brazilian real-denominated projected profit (loss) 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 (loss) 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 (loss) 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 (loss) for the year attributable to owners of the parent by approximately ¥1.4 billion. Specifically, for the profit (loss) 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 AUD1 and BRL1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥0.8 billion and ¥0.3 billion, respectively.

ii) Profit (loss) for the year attributable to owners of the parent from those mineral resources and energy producing companies are affected by the currency fluctuation between the US 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 US 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 (loss) 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, 2016 and possible effects in the future, see "3. Management Issues, (4) Forecasts for the year ending March 31, 2017" 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, 2016 and 2015."

(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, 2016 and in the future, see "3. Management Issues, (4) Forecasts for the year ending March 31, 2017" 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, 2016, our current trade receivables (less allowance for doubtful receivables—current) were ¥1,607.9 billion, representing 14.7% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2016 was ¥12.5 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 ¥353.2 billion short-term debt and ¥4,357.3 billion long-term debt as of March 31, 2016. 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 9, "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 ¥2,243.7billion, as of March 31, 2016. 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 our defined benefit cost.

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 defined benefit cost, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates" and Note 19, "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, 2016, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥533.4 billion, representing 4.9% 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.

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, 2016, we had 275 consolidated subsidiaries and 187 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, criticism by stakeholders such as NPOs & NGOs, advise from institutional shareholder service provider and rating by the ESG/SRI research company 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).
Except for the punitive damage claims 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, many of these court orders are not final and can be appealed.

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 adaption of “Paris Agreement” at the 21st Conference of Parties (COP21) in United Nations U.N. Framework Convention on Climate Change. 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, 2016, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment 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, 2016 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, 2016, 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."

6. Research & Development

For the year ended March 31, 2016, research and development ("R&D") expenses totaled ¥5.8 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.

(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, Share of Profit (Loss) of Investments Accounted for Using the Equity Method, EBITDA [*1] and Profit (Loss) for the Year Attributable to Owners of the Parent

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, share of profit (loss) of investments accounted for using the equity method, EBITDA and profit (loss) for the year attributable to owners of the parent by operating segment reflect the overall progress of our operating results and our businesses. From the year ended March 31, 2015, we introduced EBITDA as a measure of underlying earnings power in addition to profit (loss) for the year attributable to owners of the parent as a base index to measure performance.

(*1) EBITDA is the total of "gross profit," "selling, general and administrative expenses," "dividend income" and "share of profit (loss) of investments accounted for using the equity method" from the consolidated statements of income and "depreciation and amortization" from the consolidated statements of cash flows.

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, 2016 and 2015, 3) Operating Results by Operating Segment."

3) Cash Flows, Capital Efficiency, and Financial Leverage

Under the Medium-term Management Plan (announced in May 2014) started from the year ended March 31, 2015, we are pursuing an improvement of capital efficiency and a balanced allocation of generated cash to growth investments and returns to shareholders. From the year ended March 31, 2015, we introduced core operating cash flow [*2] as a measure of cash flow generation capabilities and source of cash reallocation.

Mitsui decides the policies on levels of shareholders' equity [*3], 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 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 9, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters." For further information regarding our financial policy, see "(4) Liquidity and Capital Resources."

(*2) Core operating cash flow is cash flows from operating activities without the net cash outflow from an increase in working capital.

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

(2) Operating Environment

Note: The following describes the understanding of the economic environments as of May 2016. Descriptions included herein may differ from our current understanding.

In the global economy, in addition to the continuing weak trend in emerging countries, the sense of a slowdown is also being seen in developed countries such as the United States, and overall growth lacked resilience.

In the United States economy, while there was steady growth due to higher consumer spending and housing investment backed by growing employment and rising wages, the strong dollar and the slowdown in emerging economies led to sluggish exports. This combined with the drop in capital expenditure mainly in the energy industry due to declining oil prices resulted in slowed growth in the second half of the fiscal year.

In the Japanese economy, the large increase in foreign visitors to Japan was a positive factor, but the continued budget-minded household spending combined with unfavorable weather conditions caused a drop in consumer spending. These factors as well as sluggish exports from the slowdown in emerging economies led to overall continued stagnation.

In the European economy, the trend of increase in consumer spending continued, driven by low oil prices and gradual improvement in employment, but with the debt crisis in Greece and the refugee issue, overall recovery was slow.

Growth continued to be sluggish in the Chinese economy, hampered by debt problems facing the nation's local governments, reductions in excess production capacity, continued adjustments in the real estate market, and a situation where local governments have been taking a cautious approach toward executing public works projects in the face of the government's anti-corruption campaign.

As for other emerging countries, polarization is accelerating. For instance, performance was strong in India, benefitting from low oil prices, but Brazil and Russia have continued to face challenging conditions given their high degree of dependency on resource exports.

The spot reference price for iron ore CFR North China (Fe 62%) temporarily fell to below US$40 per ton at the start of January due to slowing Chinese economic growth, rising gradually thereafter, and trending above US$50 per ton in March. The Dubai Crude spot price temporarily fell to the range of US$20–25 per barrel at the start of the year due to anticipation of increasing supply attributable to the partial lifting of economic sanctions on Iran, and trending in the range of US$30–40 per barrel thereafter.

The outlook for the global economy includes the sense of a peak in the United States economy, the Greek crisis in Europe, a declining growth rate in China and negative growth in Brazil and Russia, in emerging economies, and overall the strong trend of stagnation is expected to continue. Furthermore, the international commodities market conditions, due to downward pressure on demand from the slowdown in the Chinese economy and continued excess supply, will likely need some time to recover. While paying full attention to these trends in the market environment, we will continue to conduct our business operations with a long-term perspective.

(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2016 and 2015

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.

Mitsui & Co., Ltd. ("Mitsui") and its subsidiaries (collectively "we") recorded total revenue of ¥4,759.7 billion for the year ended March 31, 2016 ("current year"), a decline of ¥645.2 billion, or 11.9%, from ¥5,404.9 billion for the year ended March 31, 2015 ("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											
	Current Year				Previous Year				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	¥ 87.7	¥ 23.3	¥ 0.1	¥ 111.1	¥ 126.6	¥ 25.5	¥ 0.3	¥ 152.4	¥ (38.9)	¥ (2.2)	¥ (0.2)	¥ (41.3)
Mineral & Metal Resources	678.0	7.5	0.1	685.6	784.3	8.7	0.0	793.0	(106.3)	(1.2)	0.1	(107.4)
Machinery & Infrastructure	231.2	108.6	75.4	415.2	227.9	133.0	84.7	445.6	3.3	(24.4)	(9.3)	(30.4)
Chemicals	750.2	37.2	0.0	787.4	848.9	38.0	1.9	888.8	(98.7)	(0.8)	(1.9)	(101.4)
Energy	649.2	5.6	17.8	672.6	970.2	6.1	16.6	992.9	(321.0)	(0.5)	1.2	(320.3)
Lifestyle	850.9	132.7	6.8	990.4	843.1	119.7	8.3	971.1	7.8	13.0	(1.5)	19.3
Innovation & Corporate Development	33.0	73.3	33.2	139.5	32.0	73.0	23.0	128.0	1.0	0.3	10.2	11.5
Americas	743.4	19.8	22.4	785.6	795.7	17.7	21.2	834.6	(52.3)	2.1	1.2	(49.0)
Europe, the Middle East and Africa	87.2	18.1	0.0	105.3	94.0	18.3	0.0	112.3	(6.8)	(0.2)	0.0	(7.0)
Asia Pacific	91.7	19.7	0.0	111.4	92.5	19.2	0.0	111.7	(0.8)	0.5	0.0	(0.3)
Total	4,202.5	445.8	155.8	4,804.1	4,815.2	459.2	156.2	5,430.4	(612.7)	(13.4)	(0.2)	(626.3)
All Other	0.0	1.0	1.5	2.5	0.1	1.1	1.6	2.8	(0.1)	(0.1)	(0.1)	(0.3)
Adjustments and Eliminations	0.1	(46.9)	(0.1)	(46.9)	(0.1)	(28.2)	0.0	(28.3)	0.2	(18.7)	(0.1)	(18.6)
Consolidated Total	¥ 4,202.6	¥ 399.9	¥ 157.2	¥ 4,759.7	¥ 4,815.2	¥ 432.1	¥ 157.6	¥ 5,404.9	¥ (612.6)	¥ (32.2)	¥ (0.4)	¥ (645.2)

Sale of products

Sale of products is revenue from sales transactions of products and mainly includes 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.

Revenue from sales of products for the current year was ¥4,202.6 billion, a decline of ¥612.6 billion, or 12.7%, from ¥4,815.2 billion for the previous year, as a result of the following:

- The Energy Segment reported a decline of ¥321.0 billion. Petroleum trading operations recorded a decline of ¥230.6 billion reflecting lower crude oil prices. Furthermore, oil and gas producing operations recorded a decline of ¥76.5 billion reflecting lower crude oil and gas prices.
- The Mineral & Metal Resources Segment reported a decline of ¥106.3 billion. Iron ore operations in Australia reported a decline of ¥81.2 billion due to lower prices.
- The Chemicals Segment reported a decline of ¥98.7 billion due to a decline in trading volume and lower prices of chemicals.
- The Americas Segment reported a decline of ¥52.3 billion due to a decline in sales volume of oil and gas well tubular products and a transfer of Ellison Technologies Inc., a machine tools sales company in the United States, to the Machinery & Infrastructure Segment in spite of an increase in Novus International, Inc. from a solid performance in methionine business.

- The Iron & Steel Products Segment reported a decline of ¥38.9 billion mainly due to a transfer of domestic structural product and metal scrap businesses from Mitsui & Co. Steel Ltd. to Metal One Mitsui Bussan Resources & Structural Steel Corporation (now called MM & KENZAI Corporation), which is an equity accounted investee.

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.

Revenue from rendering of services for the current year was ¥399.9 billion, a decline of ¥32.2 billion, or 7.5%, from ¥432.1 billion for the 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.

Other revenue for the current year was ¥157.2 billion, a decline of ¥0.4 billion, or 0.3%, from ¥157.6 billion for the previous year.

Gross Profit

Gross profit for the current year was ¥726.6 billion, a decline of ¥119.2 billion, or 14.1%, from ¥845.8 billion for the previous year.

- The Energy Segment reported a decline of ¥95.4 billion. Mitsui Oil Exploration Co., Ltd. reported a decline of ¥32.0 billion from lower crude oil prices and higher production costs, which was partially offset by higher production and the positive impact of exchange rate fluctuations. Mitsui E&P Middle East B.V. reported a decline of ¥30.0 billion mainly due to lower crude oil prices and higher production costs. Mitsui E&P Australia Pty Limited reported a decline of ¥19.6 billion from lower crude oil prices in spite of partially offsetting increased production and cost reduction. Furthermore, Mitsui E&P USA LLC reported a decline of ¥14.3 billion from lower gas prices in spite of cost reductions and MEP Texas Holdings LLC reported a decline of ¥8.6 billion due to lower crude oil prices, which more than offset the effects of cost reductions and higher production. Meanwhile, an increase of ¥5.2 billion was recorded at Mitsui & Co. Energy Trading Singapore as a result of solid performance.
- The Mineral & Metal Resources Segment reported a decline of ¥49.2 billion. Iron ore mining operations in Australia reported a decline of ¥51.3 billion due to lower iron ore prices, which was partially offset by cost reductions and the positive impact of exchange rate fluctuations. Meanwhile, Mitsui Coal Holdings Pty. Ltd. reported an increase of ¥4.0 billion reflecting the positive impact of exchange rate and cost reduction, which was partially offset by lower coal prices.
- The Americas Segment reported an increase of ¥16.2 billion. Novus International, Inc. reported an increase of ¥33.4 billion due to a solid performance in methionine business. Meanwhile, Champions Pipe & Supply, Inc. reported a decline of ¥8.1 billion due to a decline in sales volume of oil and gas well tubular products reflecting lower crude oil prices.

For more details of the discussion and analysis, see "3) Operating Results by Operating Segment."

Other Income (Expenses)

Selling, general and administrative expenses

Selling, general and administrative expenses for the current year were ¥566.0 billion, a decline of ¥18.6 billion, or 3.2%, from ¥584.6 billion for the previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Current Year	**Previous Year**	**Change**
Personnel	¥ 287.2	¥ 295.5	¥ (8.3)
Welfare	15.0	14.7	+0.3
Travel	32.9	34.5	(1.6)
Entertainment	8.0	8.4	(0.4)
Communication	48.5	48.8	(0.3)
Rent	27.4	24.1	+3.3
Depreciation	14.8	15.0	(0.2)
Fees and Taxes	14.4	10.6	+3.8
Provision for Doubtful Receivables	9.9	17.0	(7.1)
Others	107.9	116.0	(8.1)
Total	¥ 566.0	¥ 584.6	¥ (18.6)

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

	Billions of Yen		
	Current Year	**Previous Year**	**Change**
Iron & Steel Products	¥ 29.0	¥ 35.0	¥ (6.0)
Mineral & Metal Resources	37.0	39.3	(2.3)
Machinery & Infrastructure	127.7	128.4	(0.7)
Chemicals	65.0	70.5	(5.5)
Energy	50.7	56.3	(5.6)
Lifestyle	142.0	133.7	+8.3
Innovation & Corporate Development	57.8	60.4	(2.6)
Americas	63.5	67.8	(4.3)
Europe, the Middle East and Africa	19.7	21.2	(1.5)
Asia Pacific	20.4	20.8	(0.4)
Total	612.8	633.4	(20.6)
All Other	12.2	13.1	(0.9)
Adjustments and Eliminations	(59.0)	(61.9)	+2.9
Consolidated Total	¥ 566.0	¥ 584.6	¥ (18.6)

Gain on securities and other investments—net

Gain on securities and other investments for the current year was ¥93.2 billion, an increase of ¥50.7 billion, or 119.3%, from ¥42.5 billion for the previous year.

- For the current year, a profit of ¥34.5 billion was recorded in relation to the foreign exchange translation due to the liquidation of Mitsui & Co. LNG Investment Limited, which managed LNG investments in the Middle East and Africa in an integrated manner. Road Machinery LLC recorded a gain on sale of a stake in its subsidiary, a mining machinery sales and service company based in Mexico, and a gain on the sale of stakes in relation to basic chemicals business was recorded. Furthermore, a ¥9.3 billion gain due to valuation of fair value on shares in Hutchison China MediTech (including a ¥10.1 billion gain on shares in Hutchison MediPharma Holdings before a share exchange with Hutchison China MediTech) and an ¥8.2 billion gain on sale of a stake in relation to aviation business were recorded, and a ¥6.2 billion reversal gain of impairment loss on investments for Relia, Inc. (former Moshi Moshi Hotline, Inc.) reflecting the share price rise was recorded. A gain on partial sale of a share in a holding company for IPP business in Malaysia and a ¥3.5 billion gain on sales of stakes in relation to automobile business were recorded.
- For the previous year, a ¥12.0 billion gain on sale of a stake in relation to aviation business was recorded. Also, ¥9.1 billion and ¥6.5 billion gains on the sales of the stakes in Silver Bell Mining, LLC and Shanghai Senmao International Real Estate Co., Ltd. were recorded, respectively. Furthermore, due to the partial sale of shares in TPV Technology Limited, a ¥6.2 billion gain on the sale of shares and valuation on retained shares was recorded in total. MBK Real Estate LLC recorded a ¥4.9 billion gain on sales of a stake related to senior living business.

Impairment loss of fixed assets—net

Loss of fixed assets for the current year was ¥89.0 billion, an increase of ¥9.1 billion, or 11.4%, from ¥79.9 billion of loss for the previous year.

- For the current year, Mitsui Coal Holdings Pty. Ltd. reported impairment losses of ¥38.1 billion on fixed assets due to a decline in coal prices. Due mainly to falling oil prices, MEP Texas Holdings LLC recorded an impairment loss of ¥19.4 billion for its Eagle Ford shale oil and gas business, Mitsui E&P USA LLC recorded an impairment loss of ¥18.2 billion for its Marcellus shale gas business, Mitsui E&P UK Limited recorded losses of ¥8.9 billion from changes in forecasts of future costs for its oil and gas businesses in the North Sea, and Mitsui Oil Exploration Co., Ltd. recorded impairment losses of ¥4.6 billion at its offshore Thailand businesses accordingly. Furthermore, a ¥3.0 billion impairment loss on fixed assets was recorded at Multigrain Trading AG. Meanwhile, an ¥11.8 billion reversal gain of impairment loss was recorded at Tokyo International Air Cargo Terminal Ltd.
- For the previous year, reflecting the decline in oil prices, MEP Texas Holdings LLC recorded an impairment loss of ¥58.9 billion related to Eagle Ford shale oil and gas producing operations and Mitsui E&P UK Limited recorded an impairment loss of ¥13.8 billion related to oil and gas fields in the North Sea.

For more information on impairment losses on property, plant and equipment, see Note 12, “PROPERTY, PLANT AND EQUIPMENT.”

Gain (Loss) on disposal or sales of fixed assets—net

Loss on disposal or sales of fixed assets for the current year was ¥11.7 billion, a deterioration of ¥13.1 billion from ¥1.4 billion of gain for the previous year.

- For the current year, a retirement loss of ¥21.5 billion was recorded at Mitsui E&P Middle East B.V. Furthermore, a demolition expense of ¥4.3 billion on the head office building was recorded due to the integrated development scheme in the Otemachi 1-Chome 2-Banchi district. Meanwhile, an ¥11.6 billion gain on the sales of buildings in Japan was recorded.
- There were miscellaneous small transactions for the previous year.

Other expense—net

Other expense for the current year was ¥32.1 billion, a decline of ¥2.8 billion, or 8.0%, from ¥34.9 billion for the previous year.

- For the current year, exploration expenses totaled ¥16.0 billion, including those recorded at oil and gas producing businesses. A ¥6.3 billion impairment loss on goodwill on Multigrain Trading AG was recorded. Furthermore, the Innovation & Corporate Development Segment recorded foreign exchange losses of ¥4.8 billion in the commodity derivatives trading business at Mitsui, which corresponded to related gross profit in the same segment, and Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation loss of ¥3.6 billion related to foreign currency deposits.

- For the previous year, exploration expenses totaled ¥34.9 billion, including those recorded at oil and gas producing businesses. The Lifestyle Segment recorded foreign exchange losses of ¥5.7 billion in the coffee trading business at Mitsui, which corresponded to related gross profit in the same segment. Mitsui E&P UK Limited recorded an impairment loss of ¥4.8 billion on goodwill related to oil and gas fields in the North Sea. Furthermore, the Lifestyle Segment recorded a one-time negative impact due to reorganization among affiliated companies. Meanwhile, Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥6.7 billion related to foreign currency deposits. The Innovation & Corporate Development Segment recorded foreign exchange gains of ¥4.9 billion in the commodity derivatives trading business at Mitsui, which corresponded to related gross profit in the same segment.

Finance Income (Costs)

Interest income

Interest income for the current year was ¥31.6 billion, a decline of ¥1.5 billion, or 4.5%, from ¥33.1 billion for the previous year.

Dividend income

Dividend income for the current year was ¥54.7 billion, a decline of ¥59.4 billion, or 52.1%, from ¥114.1 billion for the previous year. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Equatorial Guinea and Qatargas 3) were ¥32.8 billion in total, a decline of ¥54.3 billion from ¥87.1 billion for the previous year.

Interest expense

Interest expense for the current year was ¥51.0 billion, an increase of ¥0.8 billion, or 1.6%, from ¥50.2 billion for the 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 both years.

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

	Current Year	Previous Year
Japanese yen	0.16	0.19
U.S. dollar	0.42	0.24

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

Share of profit (loss) of investments accounted for using the equity method for the current year was ¥132.0 billion of loss, a deterioration of ¥276.6 billion from ¥144.6 billion of profit for the previous year.

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, recorded a deterioration of ¥81.6 billion due to the effect of a ¥92.5 billion impairment loss reflecting revision to long-term copper price outlook, which was partially offset by the reversal effect of additional recognition of a deferred tax liability reflecting the tax system revision in Chile.
- Japan Australia LNG (MIMI) Pty. Ltd reported a deterioration due mainly to an impairment loss of ¥40.3 billion reflecting the postponement of the LNG project development and lower crude oil prices.
- IPP businesses recorded a deterioration of ¥53.6 billion mainly due to a one-time negative impact of ¥54.2 billion due to lower electricity prices and obsolete power plants.
- SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported a deterioration of ¥40.0 billion due to the effect of a ¥46.2 billion impairment loss in Mitsui's consolidated accounts reflecting revision to long-term copper price outlook and various assumptions in consideration of its operational situation.
- Valepar S.A. recorded a deterioration of ¥27.3 billion due to an impairment loss on fixed assets and

lower iron ore prices, which was partially offset by recognition of a deferred tax asset reflecting the tax system revision in Brazil.
- Mitsui Oil Exploration Co., Ltd. reported a deterioration of ¥14.4 billion from an impairment and lower crude oil prices in relation to its Gulf of Thailand business.
- Robe River Mining Co. Pty. Ltd. reported a decline of ¥13.4 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, cost reduction and income from infrastructure usage.
- Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile, recorded a decline of ¥6.0 billion reflecting lower copper prices.
- For the current year, a one-time positive impact in relation to Toyo Engineering Corporation was recorded reflecting the difference between loss estimates and actual amounts, while the estimated loss was recorded for the previous year.
- For the previous year, research and development cost incurred for the development of a new aircraft engine with General Electric Company was recorded.
- The LNG receiving terminal project in Mexico recorded an increase of ¥5.5 billion mainly due to a change in lease accounting treatment and there was a new contribution of ¥4.3 billion from truck leasing and rental businesses in North America. Furthermore, Wilsey Foods, Inc. recorded an increase of ¥3.0 billion attributable to its good sales of edible oil products in the United States.

For more details of the discussion and analysis, see “3) Operating Results by Operating Segment.”

Income Taxes

Income taxes for the current year were ¥91.2 billion, a decline of ¥13.7 billion, or 13.1%, from ¥104.9 billion for the previous year.

- Profit before income taxes for the current year was ¥24.3 billion, a decline of ¥407.5 billion from ¥431.8 billion for the previous year. In response, applicable income taxes also declined.
- For the previous year, a ¥12.0 billion negative impact on deferred tax was caused by the repeal of the Australian Mineral Resource Rent Tax (“MRRT”).
- For the current year and previous year, ¥4.8 billion and ¥20.1 billion one-time positive impacts were recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- For the current year, subsidiaries whose functional currency and currency used to calculate tax profit differ recorded an increase in tax burden on taxable temporary difference arising from depreciation of currency used to calculate tax profit against functional currency.

The effective tax rate for the current year was 375.0%, an increase of 350.7% from 24.3% for the previous year. The major factors for the increase for the current year were a substantial amount of impairment losses and disposal losses without tax effects and effects on depreciation of currency used to calculate tax profit. Furthermore, a decline in no-tax or low-tax income such as dividend income caused an increase in the effective tax rate. Meanwhile, the major factor for the decline was a decline in tax burden due to the repeal of the Australian MRRT, and the positive impact of the reversal of deferred tax liabilities due to the reduction of the Japanese corporate income tax rate.

Profit (Loss) for the Year

As a result of the above factors, loss for the year was ¥66.9 billion, a deterioration of ¥393.8 billion from ¥326.9 billion of profit for the previous year.

Profit (Loss) for the Year Attributable to Owners of the Parent

Loss for the year attributable to owners of the parent was ¥83.4 billion, a deterioration of ¥389.9 billion from ¥306.5 billion of profit for the previous year.

2) EBITDA

We use EBITDA as a measure of underlying earning power.
EBITDA is the total of "gross profit," "selling, general and administrative expenses," "dividend income" and "share of profit (loss) of investments accounted for using the equity method" from the consolidated statements of income and "depreciation and amortization" from the consolidated statements of cash flows.

(Billions of Yen)		Current Year	Previous Year	Change
EBITDA (a+b+c+d+e) (*)		336.4	788.3	(451.9)
Gross profit	a	726.6	845.8	(119.2)
Selling, general and administrative expenses	b	(566.0)	(584.6)	+18.6
Dividend income	c	54.7	114.1	(59.4)
Profit (loss) of equity method investments	d	(132.0)	144.6	(276.6)
Depreciation and amortization	e	253.2	268.4	(15.2)

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

3) Operating Results by Operating Segment

Our operating segment information for EBITDA for the current year and the previous year is as follows:

EBITDA

	Billions of Yen		
	Current Year	**Previous Year**	**Change**
Iron & Steel Products	¥ 10.9	¥ 13.8	¥ (2.9)
Mineral & Metal Resources	(93.8)	116.0	(209.8)
Machinery & Infrastructure	29.2	54.0	(24.8)
Chemicals	30.1	20.1	+10.0
Energy	210.1	445.6	(235.5)
Lifestyle	9.9	14.5	(4.6)
Innovation & Corporate Development	12.5	1.7	+10.8
Americas	69.4	50.4	+19.0
Europe, the Middle East and Africa	5.3	4.3	+1.0
Asia Pacific	40.9	51.5	(10.6)
Total	324.5	771.9	(447.4)
All Other	(0.5)	3.4	(3.9)
Adjustments and Eliminations	12.4	13.0	(0.6)
Consolidated Total	¥ 336.4	¥ 788.3	¥ (451.9)

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

Iron & Steel Products Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	10.9	13.8	(2.9)
Gross profit	32.0	38.9	(6.9)
Selling, general and administrative expenses	(29.0)	(35.0)	+6.0
Dividend income	2.1	1.9	+0.2
Profit (loss) of equity method investments	4.8	6.8	(2.0)
Depreciation and amortization	1.0	1.2	(0.2)
Profit (loss) for the year attributable to owners of the parent	6.3	8.5	(2.2)

EBITDA declined by ¥2.9 billion, mainly due to the following factors:
Gross profit declined by ¥6.9 billion. Mitsui & Co. Steel Ltd. reported a decline of ¥3.4 billion, mainly due to a transfer of domestic structural product and metal scrap businesses to Metal One Mitsui Bussan Resources & Structural Steel Corporation (now called MM & KENZAI Corporation), which is an equity accounted investee.
Selling, general and administrative expenses declined by ¥6.0 billion.
Profit (loss) of equity method investments declined by ¥2.0 billion.

Profit (loss) for the year attributable to owners of the parent declined by ¥2.2 billion.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	(93.8)	116.0	(209.8)
Gross profit	98.7	147.9	(49.2)
Selling, general and administrative expenses	(37.0)	(39.3)	+2.3
Dividend income	1.4	1.8	(0.4)
Profit (loss) of equity method investments	(204.1)	(41.7)	(162.4)
Depreciation and amortization	47.2	47.2	0
Profit (loss) for the year attributable to owners of the parent	(162.5)	60.9	(223.4)

EBITDA declined by ¥209.8 billion, mainly due to the following factors:
Gross profit declined by ¥49.2 billion reflecting the impact from lower iron ore prices on iron ore mining operations in Australia.

As for iron ore pricing, the majority of contract prices applied to products sold during the current year were based on pricing that more closely reflects current spot reference prices as in the previous year, such as the daily average of spot reference prices for the current quarter of shipments, and the daily average of spot reference prices for the shipment month.
Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥36.8 billion reflecting lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, cost reduction and income from infrastructure usage. Mitsui-Itochu Iron Pty. Ltd. reported a decline of ¥14.5 billion reflecting lower iron ore prices, which was partially offset by cost reductions and the positive impact of exchange rate fluctuations. Meanwhile, Mitsui Coal Holdings Pty. Ltd. reported an increase of ¥4.0 billion reflecting the positive impact of exchange rate and cost reduction, which was partially offset by lower coal prices.

Profit (loss) of equity method investments deteriorated by ¥162.4 billion.

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, recorded a loss of ¥96.6 billion which was a deterioration of ¥81.6 billion from a loss of ¥15.0 billion for the previous year, due to an effect of ¥92.5 billion impairment loss reflecting revision to long-term copper price outlook, which was partially offset by the reversal effect of additional recognition of a deferred tax liability reflecting the tax system revision in Chile.
- SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported a loss of ¥51.2 billion due to an effect of ¥46.2 billion impairment loss reflecting revision to long-term copper price outlook and to various assumptions in consideration of its operational situation, which was a deterioration of ¥40.0 billion from ¥11.2 billion loss for the previous year.
- Valepar S.A. posted a loss of ¥52.6 billion, a d deterioration of ¥27.3 billion from a loss of ¥25.3 billion for the previous year due to impairment losses on fixed assets and lower iron ore prices, which was partially offset by recognition of a deferred tax asset reflecting the tax system revision in Brazil.
- Profit from Robe River Mining Co. Pty. Ltd. was ¥21.2 billion, a decline of ¥13.4 billion from ¥34.6 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, cost reduction and income from infrastructure usage.
- Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile, recorded a profit of ¥2.8 billion, which was a decline of ¥6.0 billion from a profit of ¥8.8 billion for the previous year reflecting lower copper prices.
- Allocation to other segments declined by ¥12.1 billion mainly due to the negative impact from lower iron ore prices on iron ore mining operations in Australia, jointly invested with the Asia Pacific Segment.

Profit (loss) for the year attributable to owners of the parent deteriorated by ¥223.4 billion. In addition to the above, the following factors also affected results:

- Mitsui Coal Holdings Pty. Ltd. reported impairment losses of ¥38.1 billion on fixed assets due to the decline in coal prices.
- A ¥12.0 billion negative impact on a deferred tax was caused by the repeal of the MRRT for the previous year.
- For the current year and previous year, ¥1.3 billion and ¥7.1 billion one-time positive impacts were recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- A ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC was recorded for the previous year.

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

The majority of contracts have been set by pricing that reflects current spot reference prices.

The spot price (Fe 62% CFR China) started dropping from early 2014 and bottomed out at US$38.0/ton in December 2015 as a result of lower growth rates in the Chinese economy. Lately, the spot price has recovered to US$51/ton as of June 16, 2016 due to an increase of appetite for commodities and growing expectations for economic stimulus by the Chinese government, etc.

Despite the fact that China saw some slowdown in its crude steel production, iron ore demand is expected to be stable in the medium- and long-term, led by strong steel demand in developing countries. 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.

Fluctuations in iron ore prices directly affect revenues from the equity share of production at our iron ore subsidiaries and equity accounted investees. For the year ending March 31, 2017, 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 ¥3.2 billion.

For the year ended March 31, 2016, the equity share of shipments of our overseas subsidiaries and equity accounted investees amounted to 56.8 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, 2017, in line with our holdings after the year ended March 31, 2016, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. As the value of natural resource producing countries' currencies, such as the Australian dollar and Brazilian real, generally trends to be highly correlated to the market prices of those countries' products, the change in the currencies may impact the local currency denominated revenues of our overseas subsidiaries and equity accounted investees.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	29.2	54.0	(24.8)
Gross profit	127.1	131.8	(4.7)
Selling, general and administrative expenses	(127.7)	(128.4)	+0.7
Dividend income	3.6	4.1	(0.5)
Profit (loss) of equity method investments	8.0	26.9	(18.9)
Depreciation and amortization	18.2	19.6	(1.4)
Profit (loss) for the year attributable to owners of the parent	18.3	45.7	(27.4)

EBITDA declined by ¥24.8 billion, mainly due to the following factors:
Gross profit declined by ¥4.7 billion.

- The Infrastructure Projects Business Unit reported a decline of ¥0.3 billion.
- The Integrated Transportation Systems Business Unit reported a decline of ¥4.4 billion.

Profit (loss) of equity method investments decreased by ¥18.9 billion.

- The Infrastructure Projects Business Unit reported a decline of ¥34.6 billion.
  IPP businesses posted a loss of ¥41.5 billion in total, a deterioration of ¥53.9 billion from a profit of ¥12.4 billion for the previous year.
  - For the current year, a one-time negative impact of ¥54.2 billion was recorded due to lower electricity prices and obsolete power plants.
  - For the previous year, impairment losses on obsolete thermal power plant were recognized.
  - Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, deteriorated by ¥2.4 billion to a loss of ¥1.9 billion from a gain of ¥0.5 billion for the previous year.

  For the current year, a one-time positive impact in relation to Toyo Engineering Corporation was recorded reflecting the difference between loss estimates and actual amounts, while the estimated loss was recorded for the previous year. Furthermore, the LNG receiving terminal project in Mexico recorded an increase of ¥5.5 billion mainly due to a change in lease accounting treatment.
- The Integrated Transportation Systems Business Unit reported an increase of ¥15.8 billion. This Business Unit recorded research and development costs incurred for the development of a new aircraft engine with General Electric Company for the previous year. For the current year, there was a new contribution of ¥4.3 billion from truck leasing and rental businesses in North America.

Profit (loss) for the year attributable to owners of the parent decreased by ¥27.4 billion. In addition to the above, the following factors also affected results:

- For the current year, Road Machinery LLC recorded a gain on sale of a stake in its subsidiary, a mining machinery sales and service company based in Mexico.
- For the current year, an ¥11.8 billion reversal gain of impairment loss was recorded at Tokyo International Air Cargo Terminal Ltd.
- For the current year, this segment recorded an ¥8.2 billion gain on sale of a stake in relation to aviation business and a gain on partial sale of a share in a holding company for IPP business in Malaysia.

- For the previous year, this segment recorded a ¥12.0 billion gain on sale of a stake in relation to aviation business.
- For the current year and previous year, ¥1.6 billion and ¥5.2 billion one-time positive impacts were recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.

Chemicals Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	30.1	20.1	+10.0
Gross profit	76.5	70.7	+5.8
Selling, general and administrative expenses	(65.0)	(70.5)	+5.5
Dividend income	1.3	1.2	+0.1
Profit (loss) of equity method investments	8.0	7.5	+0.5
Depreciation and amortization	9.4	11.1	(1.7)
Profit (loss) for the year attributable to owners of the parent	17.7	3.7	+14.0

EBITDA increased by ¥10.0 billion, mainly due to the following factors:
Gross profit increased by ¥5.8 billion.

- The Basic Chemicals Business Unit reported an increase of ¥4.0 billion. Mitsui & Co. Texas Chlor-Alkali, Inc., a chlor-alkali producer in the United States, reported an increase of ¥4.3 billion due to withdrawal from the business, which had made a continued loss from the previous year.
- The Performance Chemicals Business Unit reported an increase of ¥1.8 billion.

Selling, general and administrative expenses declined by ¥5.5 billion. For the previous year, the Basic Chemicals Business Unit reported ¥3.1 billion of provision for doubtful receivables for chemical trading business in China.
Profit (loss) of equity method investments increased by ¥0.5 billion.

Profit (loss) for the year attributable to owners of the parent increased by ¥14.0 billion. In addition to the factors mentioned above, gain on the sale of stakes in relation to basic chemicals business was recorded for the current year.

Energy Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	210.1	445.6	(235.5)
Gross profit	109.0	204.4	(95.4)
Selling, general and administrative expenses	(50.7)	(56.3)	+5.6
Dividend income	35.3	92.8	(57.5)
Profit (loss) of equity method investments	(22.3)	57.2	(79.5)
Depreciation and amortization	138.8	147.5	(8.7)
Profit (loss) for the year attributable to owners of the parent	(3.9)	119.7	(123.6)

EBITDA declined by ¥235.5 billion, mainly due to the following factors:

The weighted average crude oil prices applied to our operating results for the current year and the previous year were estimated to be US$53 and US$103 per barrel, respectively.

Gross profit declined by ¥95.4 billion, primarily due to the following factors:

- Mitsui Oil Exploration Co., Ltd. reported a decline of ¥32.0 billion from lower crude oil prices and higher production costs, which was partially offset by higher production and the positive impact of exchange rate fluctuations.
- Mitsui E&P Middle East B.V. reported a decline of ¥30.0 billion mainly due to lower crude oil prices and higher production costs.
- Mitsui E&P Australia Pty Limited reported a decline of ¥19.6 billion from lower crude oil prices in spite of partially offsetting increased production and cost reduction.
- Mitsui E&P USA LLC reported a decline of ¥14.3 billion mainly from lower gas prices in spite of cost reductions.
- MEP Texas Holdings LLC reported a decline of ¥8.6 billion due to lower crude oil prices, which more than offset the effects of cost reductions and higher production.
- An increase of ¥5.2 billion was recorded at Mitsui & Co. Energy Trading Singapore as a result of solid performance.

Selling, general and administrative expenses declined by ¥5.6 billion.

Dividend income declined by ¥57.5 billion. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Equatorial Guinea and Qatargas 3) were ¥32.8 billion in total, a decline of ¥54.3 billion from ¥87.1 billion of the previous year.

Profit (loss) of equity method investments deteriorated by ¥79.5 billion. Japan Australia LNG (MIMI) Pty. Ltd reported a deterioration due mainly to an impairment loss of ¥40.3 billion reflecting the postponement of the LNG project and lower crude oil prices, and Mitsui Oil Exploration Co., Ltd. reported a deterioration of ¥14.4 billion from an impairment in relation to its Gulf of Thailand business and lower crude oil prices.

Depreciation and amortization declined by ¥8.7 billion. Oil and gas producing operations recorded a decline of ¥8.7 billion, including a decline of ¥6.3 billion at shale oil and gas operations in the United States.

Profit (loss) for the year attributable to owners of the parent deteriorated by ¥123.6 billion. In addition to the above, the following factors also affected results:

- For the current year, profit on securities and other investments of ¥34.5 billion was recorded in relation to the foreign exchange translation due to the liquidation of Mitsui & Co. LNG Investment Limited which managed LNG investments in the Middle East and Africa in an integrated manner.
- For the current year, due mainly to falling oil prices, MEP Texas Holdings LLC recorded an impairment loss of ¥19.4 billion for its Eagle Ford shale oil and gas business, Mitsui E&P USA LLC recorded an impairment loss of ¥18.2 billion for its Marcellus shale gas business, Mitsui E&P UK Limited recorded losses of ¥8.9 billion from changes in forecasts of future costs for its oil and gas businesses in the North Sea, and Mitsui Oil Exploration Co., Ltd. has recorded impairment losses of ¥4.6 billion at its Gulf of Thailand businesses accordingly.
- For the current year, a retirement loss of ¥21.5 billion was recorded at Mitsui E&P Middle East B.V.
- For the previous year, reflecting a decline in oil prices, MEP Texas Holdings LLC recorded an impairment loss of ¥58.9 billion on fixed assets related to Eagle Ford shale oil and gas producing operations as well as Mitsui E&P UK Limited recorded impairment losses related to oil and gas fields in the North Sea area for ¥13.8 billion on fixed assets and ¥4.8 billion on goodwill.
- For the current year, exploration expenses of ¥14.7 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Limited and Mitsui Oil Exploration Co., Ltd. For the previous year, exploration expenses of ¥33.3 billion in total were recorded, including those recorded by Mitsui E&P Mozambique Area 1 Limited and Mitsui E&P USA LLC.

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 May 2016) indicated that world crude oil demand in the 2015 calendar year was 94.7 million barrels per day, with an estimated demand for the 2016 calendar year of 95.9 million barrels per day. As of May 2016, 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 has maintained steady growth, but in 2015 demand growth slowed due to slowing growth mainly in China. On the other hand, global crude oil supply growth strengthened as a result of increased production of US shale oil and by OPEC, and even with improved demand growth forecast for 2016, the growth in supply is expected to continue to outpace demand growth in the short term.
- The price of crude oil (Brent) hovered above US$100 per barrel from the beginning of 2011 to mid-2014 on the back of heightened political risk concerns, reaching up to US$126 per barrel in February 2012. But prices began to fall from mid-2014 due to lower demand growth triggered by slowing Chinese economy, and the trend accelerated by factors including OPEC's decision not to reduce production and expected warmer winter. Although prices fell down to about US$27 per barrel in January 2016, the price of crude oil (Brent) traded at around US$47 per barrel as of June 16, 2016.
- 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 at US$20 per barrel below Brent, but recently the differential has shrunk to less than US$1 per barrel, and as of June 16, 2016, the price of WTI was traded at around US$46 per barrel.
- In regards to LNG, excess production from existing projects in the Asian region and new projects starting up in Australia have caused supply-demand conditions to weaken. Demands from emerging LNG markets such as the Middle East and India has not been able to soak-up the excess volumes, and demand in the Far East has not grown even in the winter season due to warm winter and lower power demand. Weak supply-demand conditions compounded by weaker crude oil market of late have caused spot LNG prices in Asia and Far East to decline to about US$5 per mmBtu in mid-January and to US$4 per mmBtu range by February 2016. As of June 16, 2016, the spot LNG price in the region is trending around mid-US$5 per mmBtu.

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, 2015 was 76 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; not including 10 million barrels for Mitsui Oil Exploration Co., Ltd.'s non-controlling interest portion), and the equity share of production for the year ended March 31, 2016 was 77 million barrels (provisional at the time of publication, not including 11 million barrels of Mitsui Oil Exploration Co., Ltd.'s non-controlling interest portion).

For the year ending March 31, 2017, a change of US$1 per barrel in crude oil prices is estimated to have an effect of ¥2.9 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 especially from huge markets in China, India, South East Asia and Middle East. Therefore, globalization in terms of both supply and demand is expected to continue and accelerate. In addition, as some contract terms, such as destination clauses, become flexible, supply-demand adjustments in the LNG market should occur with more ease, thereby making LNG a more liquid and marketable commodity.

- In evaluating the opportunities for the expansion of incumbent projects or pursuit of new development projects, we put 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. 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, have remained low 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 should gradually rise as LNG exports gain momentum.

Lifestyle Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	9.9	14.5	(4.6)
Gross profit	116.5	115.3	+1.2
Selling, general and administrative expenses	(142.0)	(133.7)	(8.3)
Dividend income	3.7	4.6	(0.9)
Profit (loss) of equity method investments	18.5	15.8	+2.7
Depreciation and amortization	13.2	12.5	+0.7
Profit (loss) for the year attributable to owners of the parent	(14.0)	(5.9)	(8.1)

EBITDA declined by ¥4.6 billion, mainly due to the following factors:
Gross profit increased by ¥1.2 billion.

- The Food Resources Business Unit reported a decline of ¥4.5 billion. Multigrain Trading AG reported a decline of ¥6.6 billion due to its lower grain origination, which was partially offset by an increase of ¥3.0 billion due to good sales in the broilers business of PRIFOODS CO., LTD.
- The Food Products & Services Business Unit reported an increase of ¥0.3 billion. There was a decline in gross profit corresponding to a ¥6.6 billion improvement of foreign exchange gains and losses related to the coffee trading business at Mitsui posted in other expense for the current year and for the previous year.
- The Consumer Service Business Unit reported an increase of ¥5.5 billion. There was an increase of ¥3.6 billion due to a new consolidation of Max Mara Japan.

Selling, general and administrative expenses increased by ¥8.3 billion. There was an increase of ¥3.1 billion due to a new consolidation of Max Mara Japan.
Profit (loss) of equity method investments increased by ¥2.7 billion.

- The Food Resources Business Unit reported an increase of ¥3.2 billion. Wilsey Foods, Inc. recorded an increase of ¥3.0 billion attributable to its good sales of edible oil products in the United States.
- The Food Products & Services Business Unit reported an increase of ¥0.2 billion.
- The Consumer Service Business Unit reported a decline of ¥0.6 billion.

Profit (loss) for the year attributable to owners of the parent deteriorated by ¥8.1 billion. In addition to the above, the following factors also affected results:

- For the current year, Bussan Real Estate Co., Ltd. (now called Mitsui & Co. Real Estate Ltd.) recorded a ¥13.1 billion gain on the sales of buildings in Japan.
- For the current year and for the previous year, foreign exchange gain of ¥0.9 billion and foreign exchange loss of ¥5.7 billion, respectively, were posted in other expense in relation to the coffee trading business at Mitsui.
- For the current year, ¥6.3 billion and ¥3.0 billion impairment losses on goodwill and fixed assets, respectively, were recorded at Multigrain Trading AG.
- A ¥6.5 billion gain on the sales of the stake in Shanghai Senmao International Real Estate Co., Ltd. was recorded for the previous year. Meanwhile, a one-time negative impact was recorded due to reorganization among affiliated companies.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	12.5	1.7	+10.8
Gross profit	52.9	41.3	+11.6
Selling, general and administrative expenses	(57.8)	(60.4)	+2.6
Dividend income	4.9	5.3	(0.4)
Profit (loss) of equity method investments	7.8	10.0	(2.2)
Depreciation and amortization	4.6	5.4	(0.8)
Profit (loss) for the year attributable to owners of the parent	16.1	9.9	+6.2

EBITDA increased by ¥10.8 billion, mainly due to the following factors:
Gross profit increased by ¥11.6 billion.

- The IT & Communication Business Unit reported an increase of ¥2.0 billion.
- The Corporate Development Business Unit reported an increase of ¥9.5 billion. There was an increase in gross profit corresponding to a ¥9.7 billion deterioration of foreign exchange gains and losses related to the commodity derivatives trading business at Mitsui posted in other expense for the current year and for the previous year.

Profit (loss) of equity method investments decreased by ¥2.2 billion.

Profit (loss) for the year attributable to owners of the parent increased by ¥6.2 billion. In addition to the above, the following factors also affected results:

- A ¥9.3 billion gain due to the valuation of fair value on shares in Hutchison China MediTech (including a ¥10.1 billion gain on shares in Hutchison MediPharma Holdings before a share exchange with Hutchison China MediTech) was recorded for the current year. In addition, reflecting the share price rise, a ¥6.2 billion reversal gain of impairment loss on investments for Relia, Inc. (former Moshi Moshi Hotline, Inc.) in total was recorded for the current year.
- For the previous year, due to the partial sale of shares in TPV Technology Limited, a ¥6.2 billion gain on sale of shares and valuation on retained shares was recorded in total, and a decline of ¥5.9 billion of income tax was recorded reflecting tax deduction of previously recognized impairment losses on shares in TPV Technology Limited.

- For the current year and for the previous year, foreign exchange losses of ¥4.8 billion and gains of ¥4.9 billion, respectively, were posted in other expense in relation to the commodity derivatives trading business at Mitsui.

Americas Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	69.4	50.4	+19.0
Gross profit	114.8	98.6	+16.2
Selling, general and administrative expenses	(63.5)	(67.8)	+4.3
Dividend income	0.1	0.1	0.0
Profit (loss) of equity method investments	8.2	10.5	(2.3)
Depreciation and amortization	9.8	9.0	+0.8
Profit (loss) for the year attributable to owners of the parent	28.3	25.8	+2.5

EBITDA increased by ¥19.0 billion, mainly due to the following factors:
Gross profit increased by ¥16.2 billion. Novus International, Inc. reported an increase of ¥33.4 billion due to a solid performance in methionine business. Meanwhile, a decline of ¥10.3 billion was reported due to a transfer of Ellison Technologies Inc., a machine tools sales company in the United States, to the Machinery & Infrastructure Segment. In addition, Champions Pipe & Supply, Inc. reported a decline of ¥8.1 billion due to a decline in sales volume of oil and gas well tubular products reflecting lower crude oil prices.
Selling, general and administrative expenses declined by ¥4.3 billion. A decline of ¥9.1 billion was reported due to a transfer of Ellison Technologies Inc.
Profit (loss) of equity method investments declined by ¥2.3 billion.
Profit (loss) for the year attributable to owners of the parent increased by ¥2.5 billion. In addition to the above, the following factors also affected results:

- For the previous year, MBK Real Estate LLC recorded a ¥4.9 billion gain on sales of a stake related to senior living business.
- For the previous year, this segment recorded a ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC.

Europe, the Middle East & Africa Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	5.3	4.3	+1.0
Gross profit	20.5	21.5	(1.0)
Selling, general and administrative expenses	(19.7)	(21.2)	+1.5
Dividend income	0.3	0.3	0.0
Profit (loss) of equity method investments	3.7	3.3	+0.4
Depreciation and amortization	0.5	0.5	0.0
Profit (loss) for the year attributable to owners of the parent	3.5	3.4	+0.1

EBITDA increased by ¥1.0 billion, mainly due to the following factors:
Gross profit declined by ¥1.0 billion.
Profit (loss) of equity method investments increased by ¥0.4 billion.
Profit (loss) for the year attributable to owners of the parent increased by ¥0.1 billion.

Asia Pacific Segment

(Billions of Yen)	Current Year	Previous Year	Change
EBITDA	40.9	51.5	(10.6)
Gross profit	23.3	21.8	+1.5
Selling, general and administrative expenses	(20.4)	(20.8)	+0.4
Dividend income	0.8	0.9	(0.1)
Profit (loss) of equity method investments	35.5	49.0	(13.5)
Depreciation and amortization	1.7	0.7	+1.0
Profit (loss) for the year attributable to owners of the parent	11.6	30.5	(18.9)

EBITDA declined by ¥10.6 billion, mainly due to the following factors:
Gross profit increased by ¥1.5 billion.
Profit (loss) of equity method investments declined by ¥13.5 billion. Allocation from other segments declined by ¥12.0 billion mainly due to the negative impact from lower iron ore prices on iron ore mining operations in Australia jointly invested with the Mineral & Metal Resources Segment.
Profit (loss) for the year attributable to owners of the parent declined by ¥18.9 billion.

(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, 2016	As of March 31, 2015
	(Billions of Yen)	(Billions of Yen)
Short-term debt	¥ 353.2	¥ 290.6
Long-term debt	4,357.3	4,503.3
Interest bearing debt	4,710.5	4,793.9
Less cash and cash equivalents and time deposits	(1,495.5)	(1,411.7)
Net interest bearing debt	3,215.0	3,382.2
Total equity attributable to owners of the parent	¥ 3,379.7	¥ 4,099.8
Net DER (times)	0.95	0.82

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, 2016 (Billions of Yen)	Year ended March 31, 2015 (Billions of Yen)	Increase/(Decrease) (Billions of Yen)
Cash flows from operating activities	¥ 587.0	¥ 640.0	¥ (53.0)
Cash flows from investing activities	(408.1)	(386.4)	(21.7)
Free cash flow	¥ 178.9	¥ 253.6	¥ (74.7)

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 on a consolidated basis as of March 31, 2016 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-term 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 the method among these that is favorable depending on the 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 Mitsui & Co. Financial Services (Asia) Ltd. under this program. Outstanding domestic bonds under shelf-registration and notes under the MTN program as of March 31, 2016 were ¥295 billion and ¥25.6 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. We maintain 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 a consolidated basis was 7.5% as of March 31, 2016.

Certain subsidiaries set lines of credit by paying commitment fees to financial institutions, but the amount of fees paid was not material in the previous fiscal year or in the current fiscal year. For unused lines of credit for borrowing, including these lines of credit with fees, see Note 9, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters”

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 the interest or currency of our liabilities. We believe 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 9, “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 16, “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 May 31, 2016 were as follows:

	R&I	Moody’s	S&P
Short-term rating	a-1+	P-2	A-1(**)
(Long-term) Issuer rating	AA-	—	A
Long-term issue rating	AA-	A3(*)	—
Medium-term note rating	AA-	A3	A
Outlook	Negative	Negative	Negative

(*) 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 to maintain and improve 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 ¥1,490.8 billion as of March 31, 2016. 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, 2016 satisfy the liquidity requirements for the repayment of short-term debt (¥353.2 billion) and current maturities of long-term debt (¥519.2 billion).

In the global economy during the year ended March 31, 2016, in addition to the continuing weak trend in emerging countries, a sense of a slowdown is also seen in the United States, which has driven the global economy so far, and overall growth lacked resilience. While the financial environment continued to be relaxed, although the Federal Reserve raised interest rates in December 2015, due to the spread of the expectation in the financial market that increases in interest rates would subsequently stabilize, and the Bank of Japan and the European Central Bank deciding to introduce negative interest rates policy, we steadily procured necessary funds in accordance with our basic funding policy by utilizing our good long-term relationship with financial institutions and various measures implemented by public financing agencies. On the other hand, the global economy faces risk factors including the negative effect of the future U.S. interest rate hike, a greater-than-expected economic slowdown in emerging countries, especially in China, and the commodity down cycle, so it is undeniable that there remains uncertainty in global financial conditions, and we consider it necessary to continue to closely monitor the prospects for liquidity.

As a result, our interest-bearing debt outstanding as of March 31, 2016, totaled ¥4,710.5 billion, a decrease of ¥83.4 billion from the previous fiscal year-end, and the proportion of long-term debt to total interest-bearing debt on a consolidated basis was 92.5%. The maturity profile of our outstanding debt as of March 31, 2016 was as follows. For the details of the long-term debt and interest rate structure of our outstanding debt as of March 31, 2016, see Note 16, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

Year ending March 31:	2017	2018	2019	2020	2021	Thereafter	Total
Billions of Yen	519.2	445.2	453.9	452.1	266.3	2,220.6	4,357.3

Total equity attributable to owners of the parent as of March 31, 2016 was ¥3,379.7 billion, a decrease of ¥720.1 billion from March 31, 2015. On the other hand, net interest-bearing debt was ¥3,215.0 billion, a decrease of ¥167.2 billion, and as a result, the Net DER increased to 0.95 times as of March 31, 2016 from 0.82 times as of March 31, 2015.

The ratio of current assets to current liabilities, which was 166.5% as of March 31, 2015, was 167.3% as of March 31, 2016.

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 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 25, "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 equity accounted investees. 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 equity accounted investees 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 ¥11.4 billion to our defined-benefit pension plans for the year ending March 31, 2017.

4) Investments and Loans, Financial Policies

In the year ended March 31, 2016, core operating cash flow amounted to approximately ¥470.0 billion. Divestiture generated cash flow of approximately ¥190.0 billion, which combined with core operating cash flow amounted to a total of approximately ¥660.0 billion. Meanwhile, gross investments and loans totaled approximately ¥600.0 billion (*). Of this amount, gross investments and loans in existing business and projects in the pipeline totaled approximately ¥330.0 billion, and gross investments and loans in new business totaled approximately ¥270.0 billion. See "6) Cash Flows," for further description of cash flows for the year ended March 31, 2016.

(*) We discern investments and loans based on investing cash flows of operating segments excluding 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. For details of cash flows by operating segment, see "6) Cash Flows."

＜For the Year Ended Mar/16 (approx. figure)＞

	(¥ billion)	Major items
Core Operating Cash Flow	+470.0	
Divestiture	+190.0	Repayment of loan in FPSO leasing, Sales of chlor-alkali business in US, Sales of domestic real estate
Investments & Loans	-600.0	Existing Business and Projects in the Pipeline -330.0 / New Business -270.0
(breakdown) Iron & Steel Products	-15.0	Wind turbine towers manufacturing
Mineral & Metal Resources	-40.0	Port and infrastructure expansion in Australian iron ore operations
Machinery & Infrastructure	-125.0	Gas distribution, FPSO, Passenger railway transportation in Brazil
Chemicals	-35.0	Methanol production in US, Carbon fiber products in Norway
Energy	-205.0	Projects in Thailand and Middle East, Gas field in Australia
Lifestyle	-55.0	Pharmaceutical information in Asia-Oceania, Pharmaceutical fund in US
Innovation & Corporate Development	-50.0	IoT· data analysis, TV shopping business in India
Overseas	-75.0	Tank terminal expansion in US, Salmon in Chile, Methionine in US
Shareholder Return (Dividend)	Annual Dividend for 97th : ¥64/share (Interim dividend :¥32/share, year-end dividend :¥32/share)	

We will maintain the cash flow allocation we have pursued since the start of the Medium-term Management Plan, pursuing both “Investments for Growth” and “Return to Shareholders.” In the past two years, while generating core operating cash flow of ¥1,130.0 billion, by pursuing asset recycling and investment into existing businesses and projects in the pipeline, we achieved recurring free cash flow of ¥800.0 billion. In the year ending March 31, 2017, we forecast core operating cash flow of ¥360.0 billion and asset recycling of ¥270.0 billion, allocating ¥390.0-490.0 billion to investment into existing businesses and projects in the pipeline.

In the cumulative three-year period of the Medium-term Management Plan, we forecast ¥1,490.0 billion in core operating cash flow, ¥800.0 billion in asset recycling, and ¥1,250.0-1,350.0 billion in investment into existing businesses and projects in the pipeline, as well as recurring free cash flow of ¥940.0-1,040.0 billion.

Recurring Free Cash Flow

(¥ trillion)

Free Cash Flow	Mar/15·Mar/16 Total	Mar/17 Forecast	Latest three-year total Forecast of Medium-term Management Plan (announced in May/16)		Previous three-year total Forecast of Medium-term Management Plan (announced in May/15)
Core Operating Cash Flow･･･①	+1.1	+0.4	+1.5	RESOURCES	+1.7
Asset Recycling･･･②	+0.5	+0.3	+0.8		+0.9
Cash Inflow･･･①+②	+1.6	+0.7	+2.3		+2.6
Investment to Existing Business and Projects in the Pipeline	-0.9	-0.4～-0.5	-1.3～-1.4		-1.5
Investments for Growth (New Investments)	-0.46	･Achieve positive Free Cash Flow(“FCF”) ･Pursue both “Investments for Growth” and “Return to Shareholders”		ALLOCATION	･Achieve positive FCF ･Pursue both “Investments for Growth” and “Return to Shareholders”
Return to Shareholders (Dividend, share buyback)	-0.23				
Borrowing/ repayment of interest-bearing debt（±）					

For the details of the Medium-term Management Plan, see “3. Management Issues (1) 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.”

Final investment decisions on many of the projects in the Latest Forecast of Cash Flow Allocation (FY Mar/15 – Mar/17 cumulative) have not been made and the progress of such projects will have an effect on our actual cash flows and financial condition.

5) Assets, Liabilities and Shareholders’ Equity

Total assets as of March 31, 2016 was ¥10,910.5 billion, a decline of ¥1,292.4 billion from ¥12,202.9 billion as of March 31, 2015.

Total current assets as of March 31, 2016 was ¥4,286.7 billion, a decline of ¥443.8 billion from ¥4,730.5 billion as of March 31, 2015. Trade and other receivables declined by ¥341.9 billion, mainly due to lower prices in the Energy, Chemicals and Mineral & Metal Resources Segments as well as the decline in trading volume in the Innovation & Corporate Development, Iron & Steel Products, and Machinery & Infrastructure Segments.
Total current liabilities as of March 31, 2016 was ¥2,562.8 billion, a decline of ¥278.3 billion from ¥2,841.1 billion as of March 31, 2015. Trade and other payables declined by ¥276.8 billion, corresponding to the decline in trade and other receivables.

As a result, working capital, or current assets less current liabilities, as of March 31, 2016, totaled ¥1,723.9 billion, a decline of ¥165.5 billion from ¥1,889.4 billion as of March 31, 2015.

Total non-current assets as of March 31, 2016 totaled ¥6,623.8 billion, a decline of ¥848.6 billion from ¥7,472.4 billion as of March 31, 2015, mainly due to the following factors (Operating Segments are shown in parentheses):

- Investments accounted for using the equity method as of March 31, 2016 was ¥2,515.3 billion, a decline of ¥276.0 billion from ¥2,791.3 billion as of March 31, 2015, mainly due to the following factors:
  - A decline of ¥158.9 billion resulting from foreign currency exchange fluctuations;
  - A decline of ¥13.4 billion due to a sale of a stake in relation to basic chemicals business (Chemicals);
  - An increase of ¥61.8 billion due to an acquisition of a 49% stake in Petrobras Gás S.A., which is engaged in gas distribution in Brazil (Machinery & Infrastructure);
  - An increase of ¥15.3 billion due to an acquisition of a 25% stake in Gonvarri Eólica, S.L., which is engaged in wind turbine towers and flanges manufacturing in Spain (Iron & Steel Products);
  - An increase of ¥12.3 billion due to an acquisition of a 40% stake in MIMS Group, providing drug information to healthcare professionals in the Asia-Oceania region (Lifestyle);
  - An increase of ¥11.9 billion due to an additional acquisition of a stake in a passenger railway transportation business in Brazil with Odebrecht TransPort S.A. (Machinery & Infrastructure);
  - An increase of ¥11.3 billion due to an acquisition of a 25% stake in Hexagon Composites ASA, which is engaged in composite pressure vessel manufacturing in Norway (Chemicals);
  - An increase of ¥10.1 billion due to an acquisition of a 23.4% stake in Salmones Multiexport S.A., which is engaged in salmon farming, processing and sales in Chile (Americas); and
  - A decline of ¥166.7 billion due to dividends received from equity accounted investees, as well as a decline of ¥132.0 billion corresponding to the loss of equity method investments for the current year.

The following table shows the details of investments accounted for using the equity method as of March 31, 2016 and 2015 by operating segment.

	Billions of Yen		
	As of March 31,		
	2016	2015	Change
Iron & Steel Products	¥ 107.4	¥ 98.6	¥ +8.8
Mineral & Metal Resources	722.6	976.3	(253.7)
Machinery & Infrastructure	778.2	785.0	(6.8)
Chemicals	99.7	93.9	+5.8
Energy	256.8	330.2	(73.4)
Lifestyle	305.6	289.1	+16.5
Innovation & Corporate Development	113.7	102.3	+11.4
Americas	80.0	74.7	+5.3
Europe, the Middle East and Africa	14.8	14.5	+0.3
Asia Pacific	38.6	40.2	(1.6)
Total	**2,517.4**	**2,804.8**	**(287.4)**
All Other	0.0	0.0	0.0
Adjustments and Eliminations	(2.1)	(13.5)	+11.4
Consolidated Total	**¥ 2,515.3**	**¥ 2,791.3**	**¥ (276.0)**

- Other investments as of March 31, 2016 were ¥1,179.7 billion, a decline of ¥350.1 billion from ¥1,529.8 billion as of March 31, 2015. A ¥337.1 billion net decline mainly due to the decline of fair value on financial assets measured at FVTOCI in investments in LNG projects due to lower crude oil prices.

- Trade and other receivables as of March 31, 2016 totaled ¥382.2 billion, a decline of ¥42.9 billion from ¥425.1 billion as of March 31, 2015, mainly due to a decline of ¥14.4 billion from the collection of a loan receivable to the FPSO leasing business in Brazil and Vietnam.

- Property, plant and equipment as of March 31, 2016 totaled ¥1,938.4 billion, a decline of ¥209.7 billion from ¥2,148.1 billion as of March 31, 2015, mainly due to the following factors:
  - A decline of ¥63.3 billion mainly due to impairment losses on fixed assets at MEP Texas Holdings LLC and Mitsui E&P USA LLC (including a foreign exchange translation loss of ¥14.9 billion) at U.S. shale gas and oil producing operations (Energy);
  - A decline of ¥53.5 billion mainly due to impairment losses on fixed assets at Mitsui Coal Holdings Pty. Ltd. (including a foreign exchange translation loss of ¥8.3 billion) at coal mining operations in Australia (Mineral & Metal Resources);
  - A decline of ¥49.0 billion due to a sale of a stake in production of chlor-alkali in the United States (Chemicals);
  - A decline of ¥29.9 billion (including a foreign exchange translation loss of ¥25.5 billion) at iron ore mining operations in Australia (Mineral & Metal Resources);
  - A decline of ¥20.2 billion mainly due to a retirement of fixed assets at Mitsui E&P Middle East B.V. (including a foreign exchange translation loss of ¥18.3 billion) at oil and gas operations other than U.S. shale gas and oil producing operations, despite an increase due to an acquisition of an interest in the gas and condensate field at Mitsui E&P Australia Pty Limited (Energy); and
  - An increase of ¥12.6 billion in leased aircraft business (Americas).

- Intangible assets as of March 31, 2016 totaled ¥157.5 billion, a decline of ¥5.5 billion from ¥163.0 billion as of March 31, 2015.
  - A decline of ¥8.7 billion mainly due to an impairment loss on goodwill on Multigrain Trading AG (Lifestyle); and

- An increase of ¥11.4 billion mainly due to a reversal of an impairment loss at Tokyo International Air Cargo Terminal Ltd (Machinery & Infrastructure).

The following table shows the details of property, plant and equipment as of March 31, 2016 and 2015 by operating segment.

	Billions of Yen		
	As of March 31,		
	2016	2015	Change
Iron & Steel Products	¥ 8.9	¥ 9.8	¥ (0.9)
Mineral & Metal Resources	430.8	514.2	(83.4)
Machinery & Infrastructure	215.7	213.9	+1.8
Chemicals	94.1	140.7	(46.6)
Energy	731.6	815.2	(83.6)
Lifestyle	136.8	143.3	(6.5)
Innovation & Corporate Development	38.7	40.1	(1.4)
Americas	148.4	136.6	+11.8
Europe, the Middle East and Africa	3.0	3.2	(0.2)
Asia Pacific	25.3	25.2	+0.1
Total	**1,833.3**	**2,042.2**	**(208.9)**
All Other	55.0	55.8	(0.8)
Adjustments and Eliminations	50.1	50.1	0
Consolidated Total	**¥ 1,938.4**	**¥ 2,148.1**	**¥ (209.7)**

The following table shows the details for the categories of property, plant and equipment leased to others as of March 31, 2016 and 2015.

	Billions of Yen	
	As of March 31,	
	2016	2015
Real estate	¥ 67.7	¥ 82.4
Ships and aircraft	99.3	86.1
Rolling stock, equipment and others	75.3	68.2
Consolidated Total	**¥ 242.3**	**¥ 236.7**

Total non-current liabilities as of March 31, 2016 totaled ¥4,681.2 billion, a decline of ¥283.2 billion from ¥4,964.4 billion as of March 31, 2015.

Total equity attributable to owners of the parent as of March 31, 2016 was ¥3,379.7 billion, a decline of ¥720.1 billion from ¥4,099.8 billion as of March 31, 2015. Major components included:

- Retained earnings decreased by ¥223.6 billion.
- Other components of equity as of March 31, 2016 declined by ¥496.6 billion.
  - Financial assets measured at FVTOCI declined by ¥238.4 billion. Fair value in investments in LNG projects declined reflecting the drop in crude oil prices; and
  - Foreign currency translation adjustments declined by ¥258.8 billion mainly reflecting the depreciation of the Australian dollar, the U.S. dollar, and the Brazilian real against the Japanese yen.

6) Cash Flows

(Billions of Yen)	Current Year	Previous Year	Change
Cash flows from operating activities	¥ 587.0	¥ 640.0	¥ (53.0)
Cash flows from investing activities	(408.1)	(386.4)	(21.7)
Cash flows from financing activities	(50.5)	(126.2)	+75.7
Effect of exchange rate changes on cash and cash equivalents	(38.4)	47.1	(85.5)
Change in cash and cash equivalents	¥ 90.0	¥ 174.5	¥ (84.5)

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash flows from operating activities	a	587.0	640.0	(53.0)
Cash flows from change in working capital	b	115.3	(21.6)	+136.9
Core operating cash flow	a-b	471.7	661.6	(189.9)

Net cash provided by operating activities for the current year was ¥587.0 billion, a decline of ¥53.0 billion from ¥640.0 billion for the previous year.
Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥115.3 billion of net cash inflow, an increase of ¥136.9 billion from ¥21.6 billion of net cash outflow for the previous year.
Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease in working capital, for the current year amounted to ¥471.7 billion, a decline of ¥189.9 billion from ¥661.6 billion for the previous year.

- Depreciation and amortization for the current year was ¥253.2 billion, a decline of ¥15.2 billion from ¥268.4 billion for the previous year.

- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥220.2 billion, a decline of ¥71.4 billion from ¥291.6 billion for the previous year.

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

(Billions of Yen)	Current Year	Previous Year	Change
Iron & Steel Products	4.8	7.1	(2.3)
Mineral & Metal Resources	134.5	159.9	(25.4)
Machinery & Infrastructure	62.9	69.6	(6.7)
Chemicals	19.6	13.5	+6.1
Energy	206.0	348.0	(142.0)
Lifestyle	(8.9)	(0.3)	(8.6)
Innovation & Corporate Development	7.6	11.2	(3.6)
Americas	55.5	25.2	+30.3
Europe, the Middle East and Africa	1.8	2.5	(0.7)
Asia Pacific	7.3	6.6	+0.7
Total	**491.1**	**643.3**	**(152.2)**
All Other and Adjustments and Eliminations	(19.4)	18.3	(37.7)
Consolidated Total	**471.7**	**661.6**	**(189.9)**

Cash Flows from Investing Activities

Net cash used in investing activities for the current year was ¥408.1 billion, an increase of ¥21.7 billion from ¥386.4 billion for the previous year. The net cash used in investing activities consisted of (Operating Segments are shown in parentheses):

- Net cash outflows that corresponded to investments in and advances to equity accounted investees (net of sales of investments and collection of advances) were ¥126.4 billion. The major cash outflow was an acquisition of a 49% stake in Petrobras Gás S.A., which is engaged in gas distribution in Brazil, for ¥61.8 billion (Machinery & Infrastructure), an acquisition of a 25% stake in a wind turbine towers and flanges manufacturing business in Spain for ¥15.3 billion (Iron & Steel Products), an investment and loan to the FPSO leasing business for oil and gas production in Brazil for ¥14.5 billion (Machinery & Infrastructure), an acquisition of a 40% stake in MIMS Group, providing drug information to healthcare professionals in the Asia-Oceania region, for ¥12.3 billion (Lifestyle), an additional acquisition of a stake in a passenger railway transportation business in Brazil for ¥11.9 billion (Machinery & Infrastructure), an acquisition of a 25% stake in a Norwegian composite pressure vessel manufacturer for ¥11.3 billion (Chemicals) and an acquisition of a 23.4% stake in a Chilean salmon farming, processing and sales company for ¥10.1 billion (Americas). The major cash inflow was the repayment of a loan to the FPSO leasing business for oil and gas production in Brazil and Vietnam for ¥21.4 billion (Machinery & Infrastructure).

- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥23.4 billion. The major cash outflow was an acquisition of a gas and condensate field in Australia for ¥45.9 billion (Energy) and an investment in OSIsoft, LLC that develops and sells IoT data management software (Innovation & Corporate Development). The major cash inflow was a sale of a chlor-alkali business in the United States for ¥17.5 billion (Chemicals), a sale of shares in Coca-Cola East Japan Co., Ltd. for ¥11.7 billion (Lifestyle) and the sale of a stake in a mining machinery sales and service company based in Mexico (Machinery & Infrastructure).

- Net cash inflows that corresponded to long-term loan receivables (net of collection) were ¥14.1 billion.

- Net cash outflows that corresponded to purchases of property, plant, equipment and investment property (net of sales of those assets) were ¥272.7 billion. Major expenditures included:

    - Oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥126.6 billion (Energy);
    - Marcellus and Eagle Ford shale gas and oil projects in the United States for ¥28.1 billion (Energy);
    - Iron ore mining projects in Australia for ¥25.4 billion (Mineral & Metal Resources);
    - Tank terminals in the United States for ¥16.0 billion (Americas)
    - A methanol manufacturing joint venture in the United States for ¥11.7 billion (Chemicals); and
    - Coal mining operations in Australia for ¥10.5 billion (Mineral & Metal Resources).

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

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the current year was a net inflow of ¥178.9 billion.

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

	Billions of Yen	
	Current Year	**Previous Year**
Iron & Steel Products	¥ (8.9)	¥ (6.1)
Mineral & Metal Resources	(22.2)	(31.7)
Machinery & Infrastructure	(52.3)	(173.8)
Chemicals	(16.0)	(37.0)
Energy	(193.5)	(184.7)
Lifestyle	(17.2)	47.8
Innovation & Corporate Development	(39.5)	10.6
Americas	(43.0)	13.5
Europe, the Middle East and Africa	(5.2)	(1.3)
Asia Pacific	(13.5)	(16.7)
Total	**(411.3)**	**(379.4)**
All Other and Adjustments and Eliminations	3.2	(7.0)
Consolidated Total	**¥ (408.1)**	**¥ (386.4)**

Cash Flows from Financing Activities

For the current year, net cash used by financing activities was ¥50.5 billion, a decline of ¥75.7 billion from ¥126.2 billion of net cash used for the previous year. The cash outflow from payments of cash dividends was ¥114.7 billion and the cash outflow from the borrowing of long-term debt was ¥15.2 billion. Meanwhile, the cash inflow from the borrowing of short-term debt was ¥79.8 billion.

See “2) Funding Sources” for funding during the year ended March 31, 2016.

(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 losses and reversal of impairment losses 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, 2016 and 2015, were ¥100.7 billion and ¥79.9 billion, respectively. Reversal of impairment losses of the assets for the years ended March 31, 2016 were ¥11.8 billion. On the other hand, there were no reversal of impairment losses of the assets for the years ended March 31, 2015. The carrying amounts of these assets, net of accumulated depreciation and amortization, as of March 31, 2016 and 2015, were ¥2,170.4 billion and ¥2,380.9 billion, respectively.

The amount of impairment losses of investments in equity accounted investees for the years ended March 31, 2016 and 2015, were not material. Reversal of impairment losses of the assets for the years ended March 31, 2016 were ¥12.4 billion. On the other hand, there were no reversal of impairment losses of the assets for the years ended March 31, 2015. The carrying amounts of investments in equity accounted investees as of March 31, 2016 and 2015, were ¥2,515.3 billion and ¥2,791.3 billion, respectively.

Impairment losses and reversal of impairment losses of non-financial assets and investments in equity accounted investees may have a material impact on our profit for the year.

Impairment 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, 2016 and 2015 were ¥6.3 billion and ¥5.8 billion, respectively. The carrying amounts as of March 31, 2016 and 2015 were ¥69.2 billion and ¥73.5 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 amounts of non-marketable securities which are the fair value as of the year ended March 31, 2016 and 2015 were ¥561.0 billion and ¥850.9 billion, respectively.
The company performs internal valuation analyses using the discounted 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, 2016 and 2015 are ¥222.3 billion and ¥250.0 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 Expansion of the Petroleum Resource Rent Tax (hereinafter, PRRT) was enacted in Australia. Under the 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 our subsidiaries and equity accounted investees apply the market value approach, these companies recorded deferred tax assets for the operating assets subject to 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 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.

Defined benefit costs and obligations

Employee defined 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 defined benefit 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 defined benefit obligations as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

See Note 19, “EMPLOYEE BENEFITS,” for further discussion about the estimates and assumptions on the defined benefit costs and obligations.

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, 2016 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 7, “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, 2016, 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 September 2012. Cape Lambert port which is a shipping port for iron ore has been completer to expand its annual nameplate capacity to more than 200 million tons in the year ended March 31, 2016.	Investment decided in February 2014. Development of Deposit B in West Angelas mine has been completed in the year ended March 31, 2016. Total annual production capacity at West Angelas, from the Deposit B together with existing deposits, has been expanded to 35 million tons.
Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)	4.4 billion Australian dollars (1.5 billion Australian dollars)	0.64 billion Australian dollars (0.21 billion Australian dollars)

Operating segment	Energy	
Commodity	Shale gas	Shale oil/gas
Company name	Mitsui E&P USA LLC	MEP Texas Holdings LLC
Project (or name of joint venture)	Marcellus Shale	Eagle Ford Shale
Country/Region	United States/Pennsylvania	United States/Texas
Participating operators	Anadarko Petroleum Corporation Chesapeake Energy, 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 twenty to thirty 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 (MEP Texas Holdings' 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	3,559	—	—	2,631	—	198	Rent:¥6,837 mil/year
		Multi-purpose office complex	Chiyoda-ku, Tokyo	—	14,105	55,197	—	—	—	
	Kansai Office	Office building	Kita-ku, Osaka-shi, Osaka	128	3,038	2,161	6,638	—	10	Partially leased
	Chubu Office	Office building	Nakamura-ku, Nagoya-shi, Aichi	51	1,525	548	982	—	1	Partially leased
		Human Resource Development Center	Atami-shi, Shizuoka	—	15,655	2,045	1,052	—	9	
		Global Human Resource Development Center	Tsuzuki-ku, Yokohama-shi, Kanagawa	—	15,000	2,417	989	—	62	

(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	710	69,151	2,789	1,014	1,524	18	
Chemicals	DAIICHI TANKER CO., LTD.	Ships	Chuo-ku, Tokyo	71	—	—	7	10	8,974	
Energy	Mitsui Oil Exploration Co., Ltd.	Crude oil / gas manufacturing facility and others	Thailand, Gulf of Thailand and others	150	—	—	4,059	149,577	70,135	Including mineral rights
Lifestyle	MITSUI FOODS CO., LTD.	Tokyo Branch / Shinkiba Logistic Center	Koto-ku, Tokyo	1,258	17,103	11,679	7,090	1,323	4,912	Including investment property
	PRIFOODS CO., LTD.	Hosoya Factory and others	Misawa-shi, Aomori and others	1,769	98,836	3,324	8,614	6,620	401	
	Mitsui Norin Co., Ltd.	Fujieda Plant and others	Fujieda-shi, Shizuoka and others	533	25,773	1,976	4,855	1,725	—	
	Bussan Logistics Solutions Co., Ltd.	CB Nagoya Center / Fukushima Sales Office and others	Minato-ku, Nagoya-shi, Aichi and others	591	9,496	564	7,434	2,240	—	
	MITSUI & CO. REAL ESTATE LTD.	Hibiya Central Building and others	Minato-ku, Tokyo	39	—	—	10	25	43,676	Including investment property
	San-ei Sucrochemical Co., Ltd.	Main Factory / Second Factory and others	Chita-shi, Aichi and others	220	123,353	2,126	1,942	3,764	47	
Innovation & Corporate Development	Trinet Logistics Co., Ltd.	Higashihama Logistic Center and others	Ichikawa-shi, Chiba	421	60,364	15,724	11,794	695	4,369	Including investment property

(Note) For those companies who own more than one type of equipment or facility, only the information of the most notable one is presented.
For the number of employees and the carrying amount, the 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	—	—	120,952	98,600	15,896	Including mineral rights
	Mitsui-Itochu Iron Pty. Ltd.	Mining equipment for iron ore	Pilbara, Western Australia, Australia	2	—	—	24,207	93,976	16,066	
	Mitsui Coal Holdings Pty. Ltd.	Mining equipment for coal	Emerald, Queensland, Australia and others	15	—	—	5,011	47,977	8,079	Including mineral rights
Machinery & Infrastructure	Mitsui Rail Capital Europe B.V.	Rolling stock	Amsterdam, Netherlands	94	—	—	—	69,765	2,792	Including property leased to others
	ME Serviços de Energia do Brasil Participações Ltda.	Equipment for energy services	Sao Paulo, Brazil	194	—	—	—	8,871	1,534	
	Portek International Pte. Limited.	Port terminal facility and others	Singapore and others	1,269	—	10	2,729	9,733	36	
	Komatsu-Mitsui Maquinarias Peru S.A.	Construction equipment	Callao, Peru	1,823	38,000	3,038	2,600	6,703	464	Including property leased to others
	M&T Aviation Finance (Ireland) Limited	Aircraft	Dublin, Ireland	—	—	—	—	—	27,837	Including property leased to others
	OMC SHIPPING PTE. LTD.	Ships	Singapore	13	—	—	11	13	58,491	Including property leased to others
	Road Machinery, LLC	Construction equipment	Phoenix, Arizona, U.S.A.	280	66,150	239	354	3,238	1,209	Including property leased to others
	Mitsui Automotriz S.A.	Automobiles	Lima, Peru	596	28,104	949	2,686	2,202	138	Including property leased to others
Chemicals	Shark Bay Salt Pty. Ltd.	Salt manufacturing facility	Shark Bay, Western Australia, Australia and others	172	—	590	18,571	8,474	1,904	
	MMTX Inc.	Methanol production facility	Houston, Texas, U.S.A.	—	—	—	1,444	42,442	67	
Energy	Mitsui E&P Australia Pty Limited	Crude oil / gas manufacturing facility and others	Indian Ocean, Australia and others	17	—	—	—	27,533	63,578	Including mineral rights
	Mitsui E&P Middle East B.V.	Crude oil / gas manufacturing facility and others	Oman and others	24	—	—	46	24,156	2,574	Including mineral rights
	Mitsui E&P USA LLC	Gas manufacturing plant and others	Pennsylvania, U.S.A.	24	—	—	—	111,774	24,178	Including mineral rights

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	MEP Texas Holdings LLC	Crude oil / gas manufacturing facility and others	Texas, U.S.A.	—	—	—	—	54,727	5,155	Including mineral rights
	Mitsui E&P Mozambique Area 1 Limited	Crude oil / gas exploration facility and others	Northern offshore, Mozambique	2	—	—	—	7	36,318	
	Mitsui E&P UK Limited	Crude oil / gas manufacturing facility and others	British North Sea	15	—	—	—	2,508	152,741	Including mineral rights
Lifestyle	Xingu Agri AG	Tabuleiro farm	Bahia, Brazil	604	970,740 (thousand m^2)	36,865	4,673	4,865	27,972	Including investment property
Americas	Inter-continental Terminals Company LLC	Chemical tank terminal	Deer Park, Texas, U.S.A.	315	1,067,953	3,601	61,924	177	13,472	Including property leased to others
	MBK Real Estate LLC	Senior living properties	Tucson, Arizona, U.S.A. and others	1,378	—	1,769	16,468	510	9,326	Including investment property
	Novus International, Inc.	Feed additive manufacturing plant	Alvin, Texas, U.S.A. and others	742	—	727	2,791	13,032	295	
	United Grain Corporation of Oregon	Grain exporting facility	Vancouver, Washington, U.S.A.	69	3,831,079	312	12,856	5,123	501	
Asia Pacific	MIT Power Australia Pty Ltd	Wind power generation facility	Melbourne, Victoria, Australia	—	—	71	20,757	3	—	

(Note) For those companies who own more than one type of equipment or facility, only the information of the most notable one is presented.
For the number of employees and the carrying amount, the 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, 2016)	Number of shares outstanding as of issuance date of this report (June 21, 2016)	Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association	Description
Common stock	1,796,514,127	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	1,796,514,127	1,796,514,127	—	—

(2) Status of the Share Subscription Rights

Share Subscription Rights issued based on the Companies Act of Japan are as follows:

1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2016	As of May 31, 2016
Number of subscription rights to shares	2,574	2,574
Number of own subscription rights to shares	—	—
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	257,400 (Note 1)	257,400 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 28, 2017 to July 27, 2044	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding substitute payment	—	—
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Notes)

1. The class of shares to be issued upon exercise of subscription rights to shares shall be common shares of Mitsui, and the number of shares to be issued upon exercise of one subscription right to shares (hereinafter referred to as the "number of shares granted") will be 100 shares.
   After the day of allotment, however, if Mitsui undertakes a share split (including gratis allotment of common shares of Mitsui. The same shall apply to the description of the share split hereinafter.), or a share consolidation with respect to common shares of Mitsui, an adjustment to the number of shares granted will be made according to the following formula, and any fractional portion of less than one share resulting from the foregoing adjustment shall be disregarded:

   Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of share split or share consolidation

2. Exercise of right by an heir
   In the case that inheritance from a holder of subscription rights to shares commenced for reasons such as the death of the holder, only one of the heirs-at-law of the holder of subscription rights to shares (hereinafter referred to as the "heir-at-law") may exercise the offered subscription rights to shares. It is not permitted to inherit subscription rights to shares again in the case that the heir-at-law dies.

3. Conditions for exercise of subscription rights to shares
   (1) A holder of subscription rights to shares may no longer exercise the subscription rights to

shares after a period of 10 years has elapsed from the day following the day on which the holder of subscription rights to shares loses his/her position as Director, and/or Executive Officer, and/or Audit & Supervisory Board Member of Mitsui.

(2) A holder of subscription rights to shares may exercise all of the subscription rights to shares only when, as the stock price conditions, Mitsui's stock price growth rate for the period of three years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate, reflecting that degree, the holder of subscription rights to shares may exercise only part of such subscription rights to shares allotted (please refer to the below for details).

(3) Notwithstanding the exercise period of subscription rights to shares prescribed above, if a proposal for approval of a merger agreement under which Mitsui is to be dissolved, or a proposal for approval of a share exchange agreement or a share transfer plan, under which Mitsui will become a wholly-owned subsidiary is approved at an ordinary general meeting of shareholders of Mitsui, holders of subscription rights to shares may exercise offered subscription rights to shares within 15 days from the following day of the day on which such proposal for approval is approved, except where subscription rights to shares of a restructured company are to be issued to the holders of subscription rights to shares in accordance with Note 4 below.

(4) In the event that Mitsui recognizes any violation of laws and regulations, misconduct of the duties, act conflicting with the duty of due care or duty of loyalty, or any other act equivalent thereto of a holder of subscription rights to shares during the period in which he/she serves as Mitsui's Director, and/or Executive Officer, and/or Audit & Supervisory Board Member, Mitsui may limit, subject to a resolution by the Board of Directors of Mitsui, the number of subscription rights to shares that may be exercised by such holder of subscription rights to shares. In this event, such holder of subscription rights to shares may not exercise the subscription rights to shares more than the said limit.

4. If Mitsui is to engage in a merger (limited to cases where Mitsui is to be dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (both limited to cases where Mitsui is to be a split company), or a share exchange or a share transfer (both limited to cases where Mitsui is to be a wholly-owned subsidiary) (all of which are collectively referred to as a "restructuring transaction"), subscription rights to shares in the entity specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act of Japan (such entity hereinafter referred to as the "restructured company") shall be issued, in accordance with the following conditions, to holders of subscription rights to shares who hold subscription rights to shares remaining in effect immediately prior to the effective date of the restructuring transaction (hereinafter respectively referring to the effective date of an absorption-type merger in case of an absorption-type merger, the date of formation of a new company incorporated by the merger in case of a consolidation-type merger, the effective date of an absorption-type company split in case of an absorption-type company split, the date of formation of a new company in case of an incorporation-type company split, the effective date of a share exchange in the case of a share exchange, and the date of formation of a wholly-owning parent company in case of a share transfer) (such rights hereinafter referred to as "remaining subscription rights to shares"). In this event, the remaining subscription rights to shares shall become extinct, and the restructured company shall newly issue subscription rights to shares. However, such rights may be granted only if provisions for issuing the subscription rights to shares of the restructured company in accordance with the following conditions are included in an absorption-merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

(1) The number of subscription rights to shares of the restructured company to be issued
The same number of subscription rights to shares as the number of remaining subscription rights to shares owned by respective holders of subscription rights to shares shall be issued.

(2) The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares
The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares shall be common shares of the restructured company.

(3) The number of shares of the restructured company to be issued upon exercise of subscription rights to shares
The number of shares of the restructured company to be issued upon exercise of subscription rights to shares shall be determined in accordance with the provisions in Note

1 above, taking into consideration the conditions and other factors concerning the restructuring transactions.

(4) The amount of assets to be contributed upon exercise of subscription rights to shares
The amount of assets to be contributed upon exercise of each subscription right to shares to be issued shall be the amount obtained by multiplying the amount to be paid in after restructuring as prescribed below by the number of shares of the restructured company to be issued upon exercise of each subscription right to shares that will be determined in accordance with (3) above. The amount to be paid in after restructuring shall be ¥1 per share of the restructured company to be issued upon exercise of each subscription right to shares to be issued.

(5) Exercise period of subscription rights to shares
The exercise period of subscription rights to shares shall begin on the date of commencement of the exercise period or the effective date of the restructuring transaction, whichever is later, and end on the closing date of the exercise of such subscription rights to shares.

(6) Matters concerning capital stock and capital reserve to be increased in the event of issuance of shares upon exercise of subscription rights to shares
It shall be determined in accordance with the memorandum for offering.

(7) Restriction on acquisition of subscription rights to shares through transfer
Acquisition of subscription rights to shares through transfer requires the approval of the restructured company.

(8) Terms and conditions of acquisition of subscription rights to shares
It shall be determined in accordance with the memorandum for offering.

(9) Other conditions for exercise of subscription rights to shares
It shall be determined in accordance with the memorandum for offering.

Details of stock price conditions

1. When Mitsui's stock price growth rate*1 is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate*2:
   All of the subscription rights to shares granted may be exercised.

2. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate:
   Only part of the subscription rights to shares granted*3 may be exercised.

*1 Mitsui's stock price growth rate shall be calculated by the formula below based on Mitsui's stock price growth rate for the period of three years from the allotment date to the first date of the exercise period.

A: The average closing price for Mitsui's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls

B: The total amount of dividends per common share of Mitsui for the period from the allotment date to the first date of the exercise period of the subscription rights to shares

C: The average closing price for Mitsui's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

Mitsui's stock price growth rate = (A + B) / C

*2 The TOPIX growth rate shall be calculated by the formula below based on the TOPIX growth rate for the period of three years from the allotment date to the first date of the exercise period.

D: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls

E: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

TOPIX growth rate = D / E

*3 **Number of exercisable subscription rights to shares = Number of subscription rights to shares granted × (Mitsui's stock price growth rate / TOPIX growth rate)**

2) Stock Option based on the resolution of the Board of Directors on May 8, 2015 (Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2016	As of May 31, 2016
Number of subscription rights to share	68	68
Number of own subscription right to shares	—	—
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	6,800 (Note 1)	6,800 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From May 28, 2018 to May 27, 2045	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	Same as on the left
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding substitute payment	—	—
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in 1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

3) Stock Option based on the resolution of the Board of Directors on July 8, 2015 (Stock option scheme as stock-based compensation with stock price conditions)

	As of March 31, 2016	As of May 31, 2016
Number of subscription rights to share	2,507	2,507
Number of own subscription right to shares	—	—
Class of shares to be issued upon exercise of subscription rights to shares	Common stock The number of shares constituting a unit is 100.	Same as on the left
Number of shares to be issued upon exercise of subscription rights to shares	250,700 (Note 1)	250,700 (Note 1)
Amount to be paid in upon exercise of subscription rights to shares (Exercise price)	¥1	Same as on the left
Exercise period of subscription rights to shares	From July 28, 2018 to July 27, 2045	Same as on the left
Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares	Price of issuing shares: ¥1 Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting	Same as on the left

	Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1.	
Conditions for the exercise of subscription rights to shares	(Notes 2, 3)	Same as on the left
Matters regarding acquisition of subscription rights to shares through transfer	Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors	Same as on the left
Matters regarding substitute payment	—	—
Matters regarding the grant of subscription rights to shares upon organizational restructuring	(Note 4)	Same as on the left

(Note) Notes 1. to 4. are the same as Notes 1. to 4 in 1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme as stock-based compensation with stock price conditions).

(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, 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
From April 1, 2014 to March 31, 2015 (Note)	(32,639)	1,796,514	—	341,481	—	367,758
From April 1, 2015 to March 31, 2016	—	1,796,514	—	341,481	—	367,758

(Note) 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, 2016

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)	—	296	100	2,959	722	364	383,926	388,367	—
Number of shares held (units)	—	6,700,492	730,821	909,311	4,102,827	7,406	5,501,197	17,952,054	1,308,727
Ratio (%)	—	37.32	4.07	5.06	22.85	0.04	30.64	100	—

(Notes)
1. Of treasury stock of 3,755,527 shares, 37,555 units (3,755,500 shares) are included in “Individuals and other,” and 27 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, 2016

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	122,613	6.82
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	91,662	5.10
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	38,500	2.14
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	35,070	1.95
Barclays Securities Japan Limited	10-1, Roppongi 6-chome, Minato-ku, Tokyo	25,000	1.39
Mitsui Sumitomo Insurance Company, Limited	3-9 Kandasurugadai, Chiyoda-ku, Tokyo	24,726	1.37
Japan Trustee Services Bank, Ltd. (trust account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	23,483	1.30
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing agent: Mizuho Bank, Ltd.)	1776, HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	23,233	1.29
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	RUE MONTOYERSTRAAT 46, 1000, BRUSSELS, BELGIUM (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	22,490	1.25
Japan Trustee Services Bank, Ltd. (trust account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	21,299	1.18
Total		428,080	23.82

(Notes)
1. The number of shares is rounded down to the nearest thousand.
2. Percentage of common stock issued is rounded down to two decimal places.
3. 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, 2016, 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

(8) Status of Voting Rights

1) Shares Issued

As of March 31, 2016

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 3,755,500	—	—
Shares with full voting rights (Others)	Common stock 1,791,449,900	17,914,499	—
Shares under one unit	Common stock 1,308,727	—	Shares under one unit (100 shares)
Total shares issued	1,796,514,127	—	—
Total voting rights held by all shareholders	—	17,914,499	—

(Notes) 1. In the column “Shares with full voting rights (Others),” “1,791,449,900 shares in common stock” and “17,914,499 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,” “1,308,727 shares in common stock” include 27 shares of treasury stock (under one unit) held by Mitsui 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, 2016

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.	1-3, Marunouchi, 1-chome, Chiyoda-ku	3,755,500	—	3,755,500	0.20
Total	—	3,755,500	—	3,755,500	0.20

(9) Stock Option Plans

Details of Mitsui's stock option plan are as follows:

1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (Stock option scheme as stock-based compensation with stock price conditions)

Date of resolution	July 4, 2014
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan)
Class of shares to be issued upon exercise of subscription rights to shares	See (2) Status of the Share Subscription Rights
Number of shares to be issued upon exercise of subscription rights to shares	same as above
Amount to be paid in upon exercise of subscription rights to shares	same as above
Exercise period of subscription rights to shares	same as above
Conditions for exercise of subscription rights to shares	same as above
Matters regarding acquisition of subscription rights to shares through transfer	same as above
Matters regarding substitute payment	—
Matters regarding the grant of subscription rights to shares upon organizational restructuring	See (2) Status of the Share Subscription Rights

2) Stock Option based on the resolution of the Board of Directors on May 8, 2015 (Stock option scheme as stock-based compensation with stock price conditions)

Date of resolution	May 8, 2015
Class and number of person for subscription rights to shares	1 Executive Officer who is not serving concurrently as a Mitsui's Director
Class of shares to be issued upon exercise of subscription rights to shares	See (2) Status of the Share Subscription Rights
Number of shares to be issued upon exercise of subscription rights to shares	same as above
Amount to be paid in upon exercise of subscription rights to shares	same as above
Exercise period of subscription rights to shares	same as above
Conditions for exercise of subscription rights to shares	same as above
Matters regarding acquisition of subscription rights to shares through transfer	same as above
Matters regarding substitute payment	—
Matters regarding the grant of subscription rights to shares upon organizational restructuring	See (2) Status of the Share Subscription Rights

3) Stock Option based on the resolution of the Board of Directors on July 8, 2015 (Stock option scheme as stock-based compensation with stock price conditions)

Date of resolution	July 8, 2015
Class and number of person for subscription rights to shares	9 Directors (excluding External Directors) 24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan)
Class of shares to be issued upon exercise of subscription rights to shares	See (2) Status of the Share Subscription Rights
Number of shares to be issued upon exercise of subscription rights to shares	same as above
Amount to be paid in upon exercise of subscription rights to shares	same as above
Exercise period of subscription rights to shares	same as above
Conditions for exercise of subscription rights to shares	same as above
Matters regarding acquisition of subscription rights to shares through transfer	same as above
Matters regarding substitute payment	—
Matters regarding the grant of subscription rights to shares upon organizational restructuring	See (2) Status of the Share Subscription Rights

2. Acquisition of Treasury Stock and Other Related Status

[Class of shares] 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

Not applicable.

(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	10,584	16,391,234
Treasury stock acquired during the current period for acquisition (Note)	581	755,761

(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, 2016, 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	—	—	—	—
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)	763	1,124,250	1	1,292
Number of shares of treasury stock held (Note 2)	3,755,527	—	3,756,107	—

(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, 2016, 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, 2016, to the issuance date of this report.

3. Shareholder Return Policy

Our profit distribution policy has been resolved as follows at the Board of Directors through discussion in which External Directors were also involved:

・ In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends.
・ In addition to the above, in relation to share buyback toward improving capital efficiency, we judge that the decision by the Board of Directors in a prompt and flexible manner as needed concerning its timing and amount by taking into consideration of the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity, continues to contribute to enhancement of corporate value.

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.

It was resolved that the year-end dividend for the year ended March 31, 2016 was ¥32 per share. The annual dividend for the year ended March 31, 2016 was ¥64, including the interim dividend of ¥32 per share.

For the year ending March 31, 2017, as the last year of the Medium-term Management Plan, we currently envisage an annual dividend of ¥50 per share, a ¥14 decrease from the year ended March 31, 2016, taking into consideration of profit attributable to owners of the parent and EBITDA as well as stability and continuity of the amount of dividend, on the assumption that core operating cash flow will be ¥360 billion, as mentioned in our forecast for the year ending March 31, 2017. We will review our actual results and other business environment before finally deciding the amount to be paid out.

Dividends for the year ended March 31, 2016 were as follows:

(a) The interim dividend which the Board of Directors resolved on November 6, 2015
Total dividend amount of ¥57,368 million; ¥32 per share
(b) The year-end dividend which Ordinary General Meeting of Shareholders resolved on June 21, 2016
Total dividend amount of ¥57,368 million; ¥32 per share

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	97th	96th	95th	94th	93rd
Year-end	March 2016	March 2015	March 2014	March 2013	March 2012
Highest (Yen)	1,759	1,820	1,636	1,463	1,487
Lowest (Yen)	1,164	1,402	1,193	1,041	1,005

(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 2015	November 2015	December 2015	January 2016	February 2016	March 2016
Highest (Yen)	1,552.0	1,572.0	1,554.0	1,454.0	1,386.5	1,508.5
Lowest (Yen)	1,316.0	1,476.0	1,403.5	1,226.5	1,164.0	1,285.5

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

5. Members of the Board of Directors and Audit & Supervisory Board Members
   16 male Directors and Audit & Supervisory Board Members and 3 female Directors and an Audit & Supervisory Board Member (percentage of female: 15.8%)

Directors

Name ***Masami Iijima (1)***

Date of Birth September 23, 1950

Shareholdings as of March 31, 2016 81,172

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
- 2015/4 Representative Director, Chairman of the Board of Directors (current position)

Name ***Tatsuo Yasunaga (1)***

Date of Birth December 13, 1960

Shareholdings as of March 31, 2016 21,441

Prior Positions
- 1983/4 Joined Mitsui & Co., Ltd.
- 2013/4 Managing Officer, Chief Operating Officer of Integrated Transportation Systems Business Unit
- 2015/4 President and Chief Executive Officer
- 2015/6 Representative Director, President and Chief Executive Officer (current position)

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

Date of Birth August 31, 1952

Shareholdings as of March 31, 2016 29,466

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	***Motomu Takahashi (1)***	
Date of Birth	June 12, 1953	
Shareholdings as of March 31, 2016		42,258

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2009/4 Managing Officer, Deputy Chief Operating Officer of Americas Business Unit
- 2010/4 Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit
- 2014/4 Senior Executive Managing Officer, Chief Operating Officer of Americas Business Unit
- 2015/4 Executive Vice President, Chief Operating Officer of Americas Business Unit
- 2016/4 Executive Vice President
- 2016/6 Representative Director, Executive Vice President (current position)

Name	***Hiroyuki Kato (1)***	
Date of Birth	April 28, 1956	
Shareholdings as of March 31, 2016		33,027

Prior Positions
- 1979/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, Chief Operating Officer of Energy Business Unit 1
- 2012/4 Executive Managing Officer, Chief Operating Officer of Energy Business Unit 1
- 2014/4 Senior Executive Managing Officer
- 2014/6 Representative Director, Senior Executive Managing Officer
- 2016/4 Representative Director, Executive Vice President, Chief Information Officer, Chief Privacy Officer (current position)

Name	***Yoshihiro Hombo (1)***	
Date of Birth	March 19, 1957	
Shareholdings as of March 31, 2016		25,112

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 Administrative Division
- 2014/4 Senior Executive Managing Officer
- 2014/6 Representative Director, Senior Executive Managing Officer (current position)

Name	***Makoto Suzuki (1)***	
Date of Birth	April 13, 1958	
Shareholdings as of March 31, 2016		44,605

Prior Positions
- 1981/4 Joined Mitsui & Co., Ltd.
- 2011/4 Managing Officer, Chief Representative of Mitsui & Co., Ltd. in South West Asia
- 2013/4 Executive Managing Officer, Chief Representative of Mitsui & Co., Ltd. in South West Asia
- 2015/4 Senior Executive Managing Officer, Chief Compliance Officer
- 2015/6 Representative Director, Senior Executive Managing Officer, Chief Compliance Officer (current position)

Name ***Keigo Matsubara (1)***

Date of Birth December 10, 1955

Shareholdings as of March 31, 2016 11,531

Prior Positions
- 1979/4 Joined Mitsui & Co., Ltd.
- 2012/4 Managing Officer, Deputy Chief Financial Officer, Global Controller
- 2015/4 Executive Managing Officer, Chief Financial Officer
- 2015/6 Representative Director, Executive Managing Officer, Chief Financial Officer (current position)

Name ***Shinsuke Fujii (1)***

Date of Birth December 8, 1958

Shareholdings as of March 31, 2016 12,186

Prior Positions
- 1981/4 Joined Mitsui & Co., Ltd.
- 2013/4 Managing Officer, President of Mitsui & Co. (Brasil) S.A.
- 2015/4 Executive Managing Officer, General Manager of Investment Administrative Division
- 2016/4 Executive Managing Officer
- 2016/6 Representative Director, Executive Managing Officer (current position)

Name ***Ikujiro Nonaka (1)***

Date of Birth May 10, 1935

Shareholdings as of March 31, 2016 19,594

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
- 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 ***Toshiro Muto (1)***

Date of Birth July 2, 1943

Shareholdings as of March 31, 2016 9,966

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
- 2010/6 External Director, Mitsui & Co., Ltd. (current position)

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

Date of Birth January 18, 1959

Shareholdings as of March 31, 2016 1,337

Prior Positions
- 1981/4 Joined Mitsubishi Chemical Industries, Ltd. (currently Mitsubishi Chemical Corporation)
- 1985/6 Joined Merrill Lynch Futures Japan Inc.
- 2001/12 President, Merrill Lynch Japan Securities Co., Ltd.
- 2002/7 External Director, Osaka Securities Exchange Co., Ltd.
- 2008/11 Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
- 2014/6 External Director, Mitsui & Co., Ltd. (current position)
- 2015/4 Vice Chairperson, Japan Association of Corporate Executives (current position)

Name ***Jenifer Rogers (1)***

Date of Birth June 22, 1963

Shareholdings as of March 31, 2016 1,046

Prior Positions
- 1989/9 Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
- 1990/12 Registered as Attorney at Law admitted in New York
- 1991/2 Joined Industrial Bank of Japan Limited, New York Branch (currently Mizuho Bank)
- 1994/12 Joined Merrill Lynch Japan Securities Co., Ltd.
- 2000/11 Merrill Lynch Europe Plc
- 2006/7 Bank of America Merrill Lynch (Hong Kong)
- 2012/11 General Counsel Asia, NEW Asurion Asia Pacific Japan LLC (current position)
- 2015/6 External Director, Mitsui & Co., Ltd. (current position)

Name ***Hirotaka Takeuchi (1)***

Date of Birth October 16, 1946

Shareholdings as of March 31, 2016 -

Prior Positions
- 1969/4 Joined McCann-Erickson Hakuhodo Co., Ltd.
- 1976/9 Lecturer, Harvard Business School
- 1977/12 Associate Professor, Harvard Business School
- 1983/4 Associate Professor, Hitotsubashi University –Faculty of Commerce and Management
- 1987/4 Professor, Hitotsubashi University –Faculty of Commerce and Management
- 1998/4 Dean of The Graduate School of International Corporate Strategy, Hitotsubashi University
- 2010/4 Professor Emeritus, Hitotsubashi University (current position)
- 2010/7 Professor, Harvard Business School (current position)
- 2016/6 External Director, Mitsui & Co., Ltd. (current position)

Audit & Supervisory Board Members

Name	***Joji Okada (2)***	
Date of Birth	October 10, 1951	
Shareholdings as of March 31, 2016		42,889

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
- 2015/4 Director
- 2015/6 Full-time Audit & Supervisory Board Member (current position)

Name	***Takashi Yamauchi (2)***	
Date of Birth	May 3, 1951	
Shareholdings as of March 31, 2016		47,185

Prior Positions

- 1976/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Transportation Logistics Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Asia Pacific Business Unit
- 2013/4 Senior Executive Managing Officer, Chief Operating Officer of Asia Pacific Business Unit
- 2014/4 Executive Vice President, Chief Operating Officer of Asia Pacific Business Unit
- 2015/4 Executive Vice President
- 2015/6 Full-time Audit & Supervisory Board Member (current position)

Name	***Hiroyasu Watanabe (1)***	
Date of Birth	April 11, 1945	
Shareholdings as of March 31, 2016		4,504

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
- 2009/6 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Name	***Haruka Matsuyama (3)***		
Date of Birth	August 22, 1967		
Shareholdings as of March 31, 2016			69

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 Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

Name	***Hiroshi Ozu (2)***		
Date of Birth	July 21, 1949		
Shareholdings as of March 31, 2016			308

Prior Positions
- 1974/4 Appointment as Public Prosecutor
- 2007/7 Vice Minister of Justice
- 2012/7 Attorney General
- 2014/9 Registered as Attorney at Law
- 2015/6 External Audit & Supervisory Board Member, Mitsui & Co., Ltd. (current position)

(1) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2017.
(2) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2019.
(3) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2018.
(4) Mr. Ikujiro Nonaka, Mr. Toshiro Muto, Ms. Izumi Kobayashi, Ms. Jenifer Rogers and Mr. Hirotaka Takeuchi are External Directors.
Mr. Hiroyasu Watanabe, Ms. Haruka Matsuyama and Mr. Hiroshi Ozu are External Audit & Supervisory Board Members.
Mr. Joji Okada and Mr. Takashi Yamauchi are full-time Audit & Supervisory Board Members.
(5) 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 21, 2016 are as follows:
(* Serves concurrently as Director)

Managing Officers

Name	Title and Principal Positions
Tatsuo Yasunaga*	President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters
Shintaro Ambe*	Executive Vice President; Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit; Energy Business Unit I; Energy Business Unit II, Chairman, Power & Energy Strategy Committee
Motomu Takahashi*	Executive Vice President; Iron & Steel Products Business Unit; Mineral & Metal Resources Business Unit; Healthcare & Services Business Unit; Consumer Business Unit
Hiroyuki Kato*	Executive Vice President; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Investment Administrative Division, Information Technology Promotion Division, Regional Business Promotion Division, Corporate Communications Division, Environmental·Social Contribution Division, Business Supporting Unit (Each Planning & Administrative Division)); Domestic Offices and Branches; Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee; Chairman, Business Innovation Committee
Yoshihiro Hombo*	Senior Executive Managing Officer; Basic Materials Business Unit; Performance Materials Business Unit; Nutrition & Agriculture Business Unit; Food Business Unit; Food & Retail Management Business Unit

Name	Title and Principal Positions
Makoto Suzuki*	Senior Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Audit & Supervisory Board Member Division, Human Resources & General Affairs Division, Legal Division, Trade & Logistics Control Division, Corporate Logistics Development Division, New Head Office Building Development Department); Business Continuity Management; New Headquarter Project; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Response Division
Atsushi Kume	Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit
Satoshi Tanaka	Senior Executive Managing Officer; Chief Operating Officer of Asia Pacific Business Unit
Takeshi Kanamori	Senior Executive Managing Officer; Chief Representative of Mitsui & Co., Ltd. in China
Yasushi Takahashi	Senior Executive Managing Officer; Chief Operating Officer of Americas Business Unit
Keigo Matsubara*	Executive Managing Officer; 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, IV)); Chairman, Disclosure Committee; Chairman, J-SOX Committee
Shinsuke Fujii*	Executive Managing Officer; IT & Communication Business Unit; Corporate Development Business Unit; Chairman, Portfolio Management Committee
Katsunori Aikyo	Executive Managing Officer; General Manager of Nagoya Office
Toru Suzuki	Executive Managing Officer; Chief Representative of Mitsui & Co., Ltd. in South West Asia; Managing Director, Mitsui & Co., India Pvt. Ltd.
Yasushi Yoshikai	Executive Managing Officer, General Manager of Investment Administrative Division
Yasuyuki Fujitani	Executive Managing Officer; Chief Operating Officer of Corporate Development Business Unit
Taku Morimoto	Executive Managing Officer; Chief Operating Officer of Performance Materials Business Unit
Nobuaki Kitamori	Executive Managing Officer; Chief Operating Officer of IT & Communication Business Unit
Motoo Ono	Executive Managing Officer; General Manager of Human Resources & General Affairs Division
Yukio Takebe	Executive Managing Officer; Chairman & CEO of Mitsui & Co. (Australia) Ltd.
Shinsuke Kitagawa	Executive Managing Officer, General Manager of Osaka Office
Shingo Sato	Managing Officer; President of Mitsui & Co. (Thailand) Ltd.
Noboru Katsu	Managing Officer; Chief Operating Officer of Iron & Steel Products Business Unit
Katsurao Yoshimori	Managing Officer; Chief Operating Officer of Basic Materials Business Unit
Osamu Toriumi	Managing Officer; General Manager of Legal Division
Takakazu Uchida	Managing Officer; General Manager of Finance Division
Hiromichi Yagi	Managing Officer; Chief Operating Officer of Integrated Transportation Systems Business Unit
Shinichiro Omachi	Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit
Hiroyuki Tsurugi	Managing Officer; Chief Operating Officer of Energy Business Unit I
Hirotatsu Fujiwara	Managing Officer; Chief Operating Officer of Energy Business Unit II

Name	Title and Principal Positions
Kenichi Hori	Managing Officer; Chief Operating Officer of Nutrition & Agriculture Business Unit
Itaru Nishimura	Managing Officer; Chief Operating Officer of Consumer Business Unit
Masazumi Takahashi	Managing Officer; General Manager of Internal Auditing Division
Shin Hatori	Managing Officer; Chief Operating Officer of Food & Retail Management Business Unit
Shinji Tsuchiya	Managing Officer; President of Mitsui & Co. (Brasil) S.A.
Hiroshi Meguro	Managing Officer; Chief Representative of Mitsui & Co., Ltd. in CIS; General Director of Mitsui & Co. Moscow LLC
Kimiro Shiotani	Managing Officer; Global Controller
Miki Yoshikawa	Managing Officer; Chief Operating Officer of Food Business Unit
Yoshio Kometani	Managing Officer; Chief Operating Officer of Infrastructure Projects Business Unit
Toshiaki Maruoka	Managing Officer; President of Mitsui & Co. (Canada) Ltd.
Motoaki Uno	Managing Officer; President & CEO of P.T. Mitsui Indonesia
Koji Nagatomi	Managing Officer; Chief Operating Officer of Healthcare & Service Business Unit
Kohei Takata	Managing Officer; General Manager of Planning & Administrative Division (Food & Services)
Sayu Ueno	Managing Officer; General Manager of Corporate Planning & Strategy Division
Yumi Yamaguchi	Managing Officer; President & CEO, Mitsui Global Strategic Studies Institute

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 Audit & Supervisory Board Members. 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 15 business units within headquarters and 3 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 functions by having Audit & Supervisory Board Members, Mitsui implements corporate governance by maintaining an Audit & Supervisory Board 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members participate as members.

ii) The Audit & Supervisory Board Members supervise the Directors' execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Audit & Supervisory Board Members 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.

Regarding Mitsui's basic views and policies on Corporate Governance, we published "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" on Mitsui's website as follows. (http://www.mitsui.com/jp/ja/company/outline/governance/system/pdf/corp_gov.pdf)

Mitsui complies with all Principles of the Corporate Governance Code. Please see the "Corporate Governance Report" which we presented to the Tokyo Stock Exchange and other stock exchanges.

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 2002. In June 2003, the first External Director was appointed, and since the Ordinary General Meeting of Shareholders held in June 2015, five External Directors have been appointed.
- The Chairman is a director 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, 14 Directors (including 2 female External Directors, and the percentage of female Directors is 14.3%) are appointed, 8 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 the 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.

- A 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, 2016, 16 meetings, including 1 extraordinary meeting, were held.

- Further, the meeting composed by all External Directors is held periodically for the purpose of exchanging information and opinions regarding important matters in management among External Directors, or among External Directors and/or Internal Directors, Audit & Supervisory Board Members, Independent Auditors and Managing Officers.

- Mitsui has entered into agreements with each 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.

- Mitsui has established the three committees below as advisory bodies to the Board of Directors. The compositions of members as of the date of issuance of this report are as follows:

  - Governance Committee
    Composition: Chairman of the Board of Directors (the committee chair), President and Chief Executive Officer, three External Directors, one Internal Director, one External Audit & Supervisory Board Member
    Role: To study the state and future vision of Mitsui's corporate governance with the viewpoints of External Directors and External Audit & Supervisory Board Members

  - Nomination Committee
    Composition: Two External Directors (one of them is the committee chair), President and Chief Executive Officer, 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: Two External Directors (one of them is 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

- Each year the Board of Directors analyzes and evaluates its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each Director, and discloses a summary of the results. In the year ended March 31, 2016, the opinions of all Directors and Audit & Supervisory Board Members were sought in regard to the composition and operational status of the Board of Directors, their individual responsibilities, etc. After discussions were held by the Governance Committee, the effectiveness of the Board of Directors was evaluated by the Board of Directors based on these opinions. Below is a summary of this evaluation.
  - The Board of Directors has a wealth of diversity and has prepared a structure to secure effective management oversight.
  - Each Director and Audit & Supervisory Board Member, upon understanding the Board of Directors' duty to carry out oversight and auditing of the management, is fulfilling their responsibilities as a Director or Audit & Supervisory Board Member based on their individual expertise from an objective standpoint separate from business execution.
  - The Board of Directors is, in regard to the management's decision making, fully performing their management oversight function by identifying problems as necessary after considering risks from

multiple angles, and earnestly responding to beneficial comments/suggestions from the External Directors and External Audit & Supervisory Board Members.

Mitsui will continue striving to improve the effectiveness of the Board of Directors.

ii) Status of auditing by the Audit & Supervisory Board Members, Internal Auditors and Independent Auditors

(a) Status of the Audit & Supervisory Board

- As of the issuance of this report, there are five Audit & Supervisory Board Members, including two Full-time Audit & Supervisory Board Members and three External Audit & Supervisory Board Members (including one female External Audit & Supervisory Board Member, and the percentage of female Audit & Supervisory Board Member is 20%). A meeting of the Audit & Supervisory Board Members is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2016, 18 meetings were held. Audit & Supervisory Board Members 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 Audit & Supervisory Board Members define the responsibility of Audit & Supervisory Board Members, the frame of mind necessary for them, 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 Audit & Supervisory Board, the Audit & Supervisory Board receives reports, deliberates and/or makes resolutions as to important matters in auditing.

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

- Full-time Audit & Supervisory Board Members attend important internal meetings and committees, including the Corporate Management Committee. All Audit & Supervisory Board Members have discussions with the Chairman of the Board of Directors and the President and Chief Executive Officer, respectively, on a periodic basis. Full-time Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 audit & supervisory board members at subsidiaries.

- The Audit & Supervisory Board has designated Mr. Joji Okada and Mr. Hiroyasu Watanabe as Audit & Supervisory Board Members who have considerable expertise in finance and accounting.

  Mr. Joji Okada joined Mitsui in 1974. Before being elected as one of our Audit & Supervisory Board Members in 2015, he had worked in the field of accounting and was appointed as Managing Officer, General Manager of Accounting Division in 2008, as Executive Managing Officer, Chief Financial Officer in 2011, and as Vice President, Chief Financial Officer in 2014.

  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 was a professor at Waseda University, Graduate School of Finance, Accounting and Law.

- Mitsui has entered into agreements with each Audit & Supervisory Board Member respectively limiting their liability as Audit & Supervisory Board Members to legally designated limits, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

- We set up the Audit & Supervisory Board Member Division to assist in the performance of the duties of the Audit & Supervisory Board Members, 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 an 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, 2016, is as follows: of a total of 76 people, which includes one General Manager, 29 internal auditors, 28 members in charge of audits, and 18 staff members; 63 people are stationed in the Internal Auditing Division in the Head Office, 8 people are stationed in 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 security trade control 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 the 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, the internal auditing policy and the internal auditing plan go 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, 2016, the certified public accountants executing audits on our financial statements are the following four people, who all belong to Deloitte Touche Tohmatsu LLC: Yoshio Sato, Hidehito Goda, Takashi Kitamura and Michiyuki Yamamoto. The number of assistants involved in auditing work is 87 people as of March 31, 2016, and this number is comprised of 28 certified public accountants, 14 members of the Japanese Institute of Junior Accountants, and 45 others.

- In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries is in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's

Independent Auditors implement auditing under the 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 among auditing by Audit & Supervisory Board Members, auditing by Internal Auditing Division and auditing by the Independent Auditors

- At the end of the fiscal year, the Independent Auditors report to the Audit & Supervisory Board the audit procedures and results of audits on accounting and internal controls, and exchange opinions on these. During a fiscal year, the Audit & Supervisory Board Members hold monthly meetings with the Independent Auditors and receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. At 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board. The Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members and the internal audits, auditing by Audit & Supervisory Board Members and Independent Auditors, and relationship with divisions involved in internal control

- The External Directors and External Audit & Supervisory Board Members, through the Board of Directors, the Audit & Supervisory Board and the meeting composed by all External Directors respectively, mutually coordinate with internal audits, auditing by Audit & Supervisory Board Members 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 Audit & Supervisory Board, respectively: results of the internal audits and internal audit plans, results of auditing by the Audit & Supervisory Board and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regard to the 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. At the meeting composed of all External Directors, External Directors, Audit & Supervisory Board Members and Independent Auditors mutually exchange information and opinions regarding the policy of audits.

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 Chairman of the Board of Directors, 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 has implemented 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 a 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 the corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals.

- Information Strategy Committee
  As an advisory body to the Corporate Management Committee, this committee plans company-wide

information strategy and determines and monitors essential policies concerning establishment of a management platform and promotion of the structure of the information strategy.

- CSR Promotion Committee
  As an organization under 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.

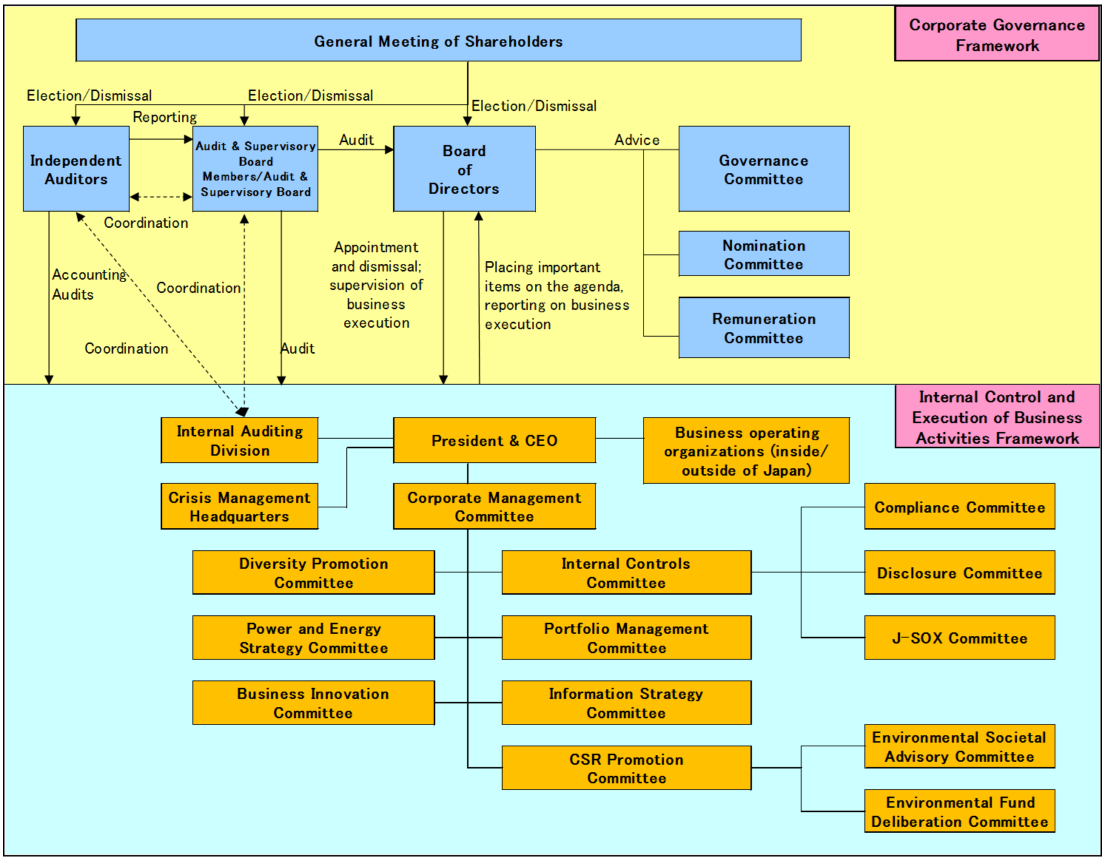
- Diversity Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan.

- 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 Audit & Supervisory Board Members 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 Directors in individual transactions with external parties.

The five External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 21, 2016, their relationships with Mitsui, and the reasons for their appointment are as follows. Regarding shareholdings of External Audit & Supervisory Board Members, see 4. Corporate Information, 5. "Members of the Board of Directors and Audit & Supervisory Board Members."

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Ikujiro Nonaka (Since June 2007)	Mitsui paid training costs related to human resource development to Nonaka Institute of Knowledge, where Mr. Nonaka has served as a representative director since May 2009, but the yearly amount paid in each fiscal year was below the standard amount for remuneration provided to consultants and other individuals providing professional services established by the Company's criteria of independence for External Officers. Furthermore, the Company also made donations to Nonaka Institute of Knowledge in the year ended March 31, 2014, but the amount paid was below the standard amount for donations and aid funds established by Mitsui's criteria of independence for External Officers. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Nonaka for External Director. Other than the above, 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 gained over the years as an expert in international corporate strategy, 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 and also 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.

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Director at Mitsui
Izumi Kobayashi (Since June 2014)	Mitsui paid membership fees and made donations to the Japan Association of Corporate Executives, where Ms. Kobayashi served as Vice Chairperson from May 2007 to April 2009, and where she has served in the same position since April 2015, but the yearly amount paid in each fiscal year was below the standard amount for donations and aid funds established by Mitsui criteria of independence for External Officers. From the above, Mitsui has determined that there is nothing that would affect the independence of Ms. Kobayashi for External Director. Other than the above, there is no personal, capital, business or other relationship between Ms. Kobayashi and Mitsui, therefore, 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 gained over the 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.
Jenifer Rogers (Since June 2015)	There is no personal, capital, business or other relationship between Ms. Rogers and Mitsui, therefore, Ms. Rogers is deemed to appropriately carry out her duties as the independent and neutral External Director.	Ms. Rogers is appointed as an External Director so that management may benefit from her global perspective gained over the years at international financial institutions and her knowledge and experience gained over the years through her work experiences, etc., in Japanese companies, as well as for her independent oversight.
Hirotaka Takeuchi (Since June 2016)	Mitsui paid advisory remuneration and training costs related to human resource development to t-lab Co., Ltd., where Mr. Takeuchi has served as a Director since June 2013, but the yearly amount paid in each fiscal year was below the standard amount for remuneration provided to consultants and other individuals providing professional services established by Mitsui's criteria of independence for External Officers. Furthermore, Mitsui has contracted services related to human resource development with Harvard Business School, where Mr. Takeuchi has served as a professor since July 2010, but neither Mitsui nor any of its consolidated subsidiaries are major business partners of Harvard Business School as established by Mitsui's criteria of independence for External Officers, nor is Harvard Business School a major business partner of Mitsui or any of its consolidated subsidiaries as established by the aforementioned criteria. From the above, Mitsui has determined that there is nothing that would affect the independence of Mr. Takeuchi for External Director. Mr. Takeuchi's nephew is an employee (in a managerial position) of Mitsui. However, Mr. Takeuchi is deemed to appropriately carry out his duties as the independent and neutral External Director.	Mr. Takeuchi is appointed as an External Director so that management may benefit from his deep insight and supervisory capabilities related to management gained over the years as an expert in international corporate strategy, as well as for his independent oversight.

(*) As of the time of issuance of this report, concurrent positions (external director/audit & supervisory board member) 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
Izumi Kobayashi	ANA HOLDINGS INC. Suntory Holdings Limited	External Director External Director
Hirotaka Takeuchi	GreenPeptide Co., Ltd.	External Director

ii) Activities of External Directors in the year ended March 31, 2016

The activities of External Directors in the year ended March 31, 2016 were as follows:

Name	Major activities
Ikujiro Nonaka	Mr. Nonaka participated in all 16 Board of Directors meetings held during the year ended March 31, 2016, and offered advice mainly from the perspective of his deep insight related to management gained as an expert in international corporate strategy. Mr. Nonaka was also a member of the Governance Committee and Chairman of the Nomination Committee, both advisory committees to the Board of Directors.
Hiroshi Hirabayashi	Mr. Hirabayashi participated in 15 of 16 Board of Directors meetings held during the year ended March 31, 2016, and offered advice mainly from the perspective of his wealth of 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 Board of Directors meetings held during the year ended March 31, 2016, 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.
Izumi Kobayashi	Ms. Kobayashi participated in all 16 Board of Directors meetings held during the year ended March 31, 2016, and offered advice from the perspective of her wide-ranging knowledge and experience gained as a representative of private sector financial institutions and a multilateral development bank. Ms. Kobayashi was also a member of the Governance Committee and the Remuneration Committee, both advisory committees to the Board of Directors.
Jenifer Rogers	Ms. Rogers participated in all 14 Board of Directors meetings held since she became a Director in June 2015, and offered advice from the perspective of her global point of view gained at international financial situations and her knowledge and experience gained through the work experiences, etc. in Japanese companies. Ms. Rogers was also a member of the Governance Committee, an advisory committee to the Board of Directors.

Mr. Hirabayashi retired at the conclusion of the 97th Ordinary General Meeting of Shareholders held on June 21, 2016.

iii) Relationship with External Audit & Supervisory Board Members and reasons for their appointments; policy regarding their independence

The External Audit & Supervisory Board Members shall be elected with the objective of further heightening the neutrality and independence of the auditing system, and, in particular, it is expected that the External Audit & Supervisory Board Members will give an objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Audit & Supervisory Board Members, the Audit & Supervisory Board 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 Audit & Supervisory Board Members as of the issuance of this report, the reasons for their appointment are as follows. Regarding shareholdings of External Audit & Supervisory Board Members, see 4. Corporate Information, 5. “Members of the Board of Directors and Audit & Supervisory Board Members.”

Name (Date of assumption of office)	Relationship with Mitsui	Reasons for appointment as External Audit & Supervisory Board Member at Mitsui
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 Audit & Supervisory Board Member.	Mr. Watanabe is appointed as an External Audit & Supervisory Board Member 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 Audit & Supervisory Board Member.	Ms. Matsuyama is appointed as an External Audit & Supervisory Board Member 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.
Hiroshi Ozu (Since June 2015)	There is no personal, capital, business or other relationship between Mr. Ozu and Mitsui, therefore, Mr. Ozu is deemed to appropriately carry out his duties as the independent and neutral External Audit & Supervisory Board Member.	Mr. Ozu is appointed as an External Audit & Supervisory Board Member 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 a prosecutor.

(*) As of the time of issuance of this report, concurrent positions (external director/audit & supervisory board member) held by External Audit & Supervisory Board Members in other organizations, etc. are mainly as follows:

Name	Concurrent positions held in other organizations	
Hiroyasu Watanabe	NOMURA Co., Ltd. Japan Petroleum Exploration Co., Ltd.	External Audit & Supervisory Board Member External Audit & Supervisory Board Member
Haruka Matsuyama	T&D Holdings, Inc. Mitsubishi UFJ Financial Group, Inc. VITEC HOLDINGS CO., LTD.	External Director External Director External Director
Hiroshi Ozu	TOYOTA MOTOR CORPORATION	External Audit & Supervisory Board Member

iv) Activities of External Audit & Supervisory Board Members in the year ended March 31, 2016

The activities of External Audit & Supervisory Board Members in the year ended March 31, 2016 were as follows:

Name	Major activities
Hiroyasu Watanabe	Mr. Watanabe participated in 14 of the 16 Board of Directors meetings and 16 of the 18 Audit & Supervisory Board meetings, held during the year ended March 31, 2016, 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.
Haruka Matsuyama	Ms. Matsuyama participated in 15 of the 16 Board of Directors meetings and all 18 Audit & Supervisory Board meetings, held during the year ended March 31, 2016, and offered advice from the perspective of her knowledge and experience obtained as an attorney at law. Ms. Matsuyama was also one of the members of the Governance Committee, an advisory body to the Board of Directors.
Hiroshi Ozu	Mr. Ozu participated in all 14 Board of Directors meetings and all 14 Audit & Supervisory Board meetings, held since he became one of the Audit & Supervisory Board Member in June 2015, and offered advice mainly from his many years of experience and perspective he has gained working as a prosecutor and an attorney at law.

v) Criteria of independence for external officers (Directors/Audit & Supervisory Board Members)
External Directors or External Audit & Supervisory Board Members of Mitsui who do not fall under any of the following items are to be judged to have independence.

(1) Person who is currently or was in the past ten years an executive director, executive officer, managing officer, manager, employee, administrative officer, etc. (hereinafter referred to as "executing person") of Mitsui or Mitsui's consolidated subsidiaries
(2) Person or the executing person of a corporation holding either directly or indirectly 10% or more of total number of the voting rights of Mitsui
(3) Person whose major business partner is Mitsui or Mitsui's consolidated subsidiaries (*1) or the executing person of the same
    *1 If the relevant business partner received from Mitsui or Mitsui's consolidated subsidiary the payment equivalent to 5% or more of its annual transaction volume (non-consolidated) in the most recent fiscal year or the relevant business partner obtained from Mitsui or Mitsui's consolidated subsidiary the money loans equivalent to 5% or more of its consolidated total assets in the most recent fiscal year, the relevant business partner is deemed to be the person whose major business partner is Mitsui or Mitsui's consolidated subsidiary.
(4) Major business partner of Mitsui or Mitsui's consolidated subsidiary (*2) or the executing person of the same
    *2 If Mitsui or Mitsui's consolidated subsidiary received from the relevant business partner the payment equivalent to 2% or more of Mitsui's annual consolidated transaction volume in the most recent fiscal year or the relevant business partner provided Mitsui or Mitsui's consolidated subsidiary with the money loans equivalent to 2% or more of Mitsui's consolidated total assets, the relevant business partner is deemed to be the major business partner of Mitsui or Mitsui's consolidated subsidiary.
(5) Independent Auditor of Mitsui or Mitsui's consolidated subsidiary or employee, etc. of the same
(6) Person providing professional services such as consultant, lawyer and certified public accountant who received from Mitsui monetary payment or other property benefits exceeding ¥10 million in total other than officer remuneration in the most recent fiscal year (referring to the person belonging to the organization if the one who received the relevant property is an organization such as corporation and association)
(7) Person or the executing person of a corporation who received an annual total of ¥10 million or more of donations or aid funds from Mitsui or Mitsui's consolidated subsidiary in the most recent fiscal year
(8) Person who has fallen under any of (2) to (7) above in the past three years
(9) Spouse or relative within the second degree of kinship (hereinafter referred to as "close relatives") of the person who is currently or has been recently the important executing person of Mitsui or Mitsui's consolidated subsidiary (including Director who is not the executing person in the case of External Audit & Supervisory Board Member)
(10) Close relatives of the person who currently falls or has fallen recently under any of (2) to (7) above (excluding the one who is not important)

vi) Policy on training for Directors and Audit & Supervisory Board Members
Upon assumption, opportunities are given to Directors and Audit & Supervisory Board Members for gaining full understanding of the business, financial affairs, organization, etc. of the company, the Companies Act of Japan and related laws and regulations, corporate governance and internal control to ensure that they may fulfil their duties including the role expected of directors which is mandated by the shareholders (fiduciary responsibility) and legal responsibility. Furthermore, opportunities are given for keeping them up to date as necessary.

vii) The External Directors and External Audit & Supervisory Board Members are given the following support in addition to vi) above:
For External Directors, before regular and extraordinary meetings of the Board of Directors, materials on the proposals are provided and advance explanations are given.

For External Audit & Supervisory Board Members, in addition to timely provision of company information by the Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Member Division, summaries of meetings between Full-time Audit & Supervisory Board Members and staff in the Audit & Supervisory Board Member Division are provided to External Audit & Supervisory Board Members periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Audit & Supervisory Board 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 a 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 the 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 the Corporate Staff Units 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 has implemented 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, 2016.

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 discussions at the 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 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 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)

"Rules on Cyber Security Countermeasures": rules for preventive measures against cyber-attacks and emergency countermeasures in the event of incident

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 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.”

Mitsui has a total of eight whistle-blowing avenues in place, including those involving an external attorney at law and a third-party providing hotline services. Pursuant to the Whistleblower Protection Act, Mitsui 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 avenues (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 avenue without uneasiness. Mitsui’s overseas offices and overseas affiliate companies also have whistle-blowing systems that were put in place considering applicable local laws and regional characteristics. Furthermore, Mitsui prohibits treating a whistleblower disadvantageously due to the reason of the whistleblowing itself, and will thoroughly make this a known internal fact. Any cases of 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, 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 Societal Advisory Committee in which external experts participate as members, or opinions from other external experts will be obtained, as necessary. In addition, Mitsui appoints consultants with insights into environmental and social risk, human rights and utilize their advice 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 equity accounted investees, Mitsui coordinates with other equity participants and encourages the equity accounted investees 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 audit & supervisory board member in major affiliated companies, Mitsui selects personnel from the Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

5) Enhancements of Corporate Governance in the year ended March 31, 2016

i) Implementation for strengthening corporate governance
Implementation for strengthening corporate governance during the year ending March 31, 2016 is as follows:

(a) Responding to the Corporate Governance Code that became effective in June, 2015, Mitsui revised "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" in November, 2015 so that "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" clearly reflects the Mitsui's Corporate Governance activities in accordance with the Corporate Governance Code, as well as made provisions for analysis and evaluation of effectiveness of Board of Directors and criteria of independence for external officers.

(b) Mitsui has reviewed the composition of members in order to strengthen the corporate governance structure of Mitsui in June, 2015. As a result, External Directors and Audit & Supervisory Board Members compose a majority of the Governance Committee, and an External Director serves as the committee chair of the Nomination Committee as well as the Remuneration Committee.

(c) The status of meetings held in the year ended March 31, 2016 by the three Committees that are advisory bodies to the Board of Directors is as follows:

- The Governance Committee was held three times in the year ended March 31, 2016 and carried out reviews of matters such framework of corporate governance of the Company, amendment of the "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles" and the effectiveness of the Board of Directors. The Committee reported to the Board of Directors the results.

- The Nomination Committee was held three times in the year ended March 31, 2016 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 in March 2016 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 revision of basic remuneration of External Directors.

(d) The meeting composed by all External Directors
The meeting composed by all External Directors was held three times in the year ended March 31, 2016, where External Directors, Internal Directors, Audit & Supervisory Board Members, Independent Auditors and Managing Officers exchanged information and opinions regarding matters such as the corporate management policy, the corporate governance structure and business portfolio of Mitsui.

(e) Analysis and evaluation of effectiveness of Board of Directors
As mentioned in (c) above, the Board of Directors analyzed and evaluated its effectiveness as a whole and disclosed a summary of the results.

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, 2016 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 2016, 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 distributed the Handbook to all the employees, and implemented various compliance e-learning and compliance training sessions. In November 2015, Mitsui held the Compliance Review week as an opportunity to review familiar compliance issues, in which we held a seminar, exchanged opinions and information, and so on. The compliance awareness survey was also conducted at Mitsui group in order to see the awareness level of our global 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. In addition, the Committee understood the company-wide status of internal control over financial reporting for the year ended March 31, 2016 and studied company-wide measures to keep and improve the effectiveness of internal control.

- The Portfolio Management Committee met thirty-three times. The Committee reported to the Corporate Management Committee regarding the results of examinations into key strategic domains, business 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 eight 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, training of human resources literate in IT management, and changing mindsets company-wide.

-The CSR Promotion Committee met three times. The Committee conducted progress reporting on CSR promotion activities, social contribution activities and the Mitsui & Co., Ltd. Environment Fund, etc., and prepared the 2016 activity policy. In addition, the Committee identified CSR material items and confirmed the identification process.

- The Power and Energy Strategy Committee met four times. The Committee carried out medium- and long-term macro analysis of the environment, electricity, and energy segments based upon data and information provided by governmental agencies, etc., and discussed strategic approach and necessary measures in those segments.

- The Business Innovation Committee met nine times. It not only focused on new technology trends and potential business innovations, but also promoted innovation such as reformation of business models, researched and identified company-wide priority items, shared such information internally, formed internal task forces, conducted awareness campaigns, and studied and deliberated on potential new business opportunities.

- The Diversity Promotion Committee met in June, 2015. The Committee discussed and analyzed current issues to realize our diversity management aims and made decisions regarding action plans such as Working Style Innovations in order 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 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 a 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 the 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 the 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 Audit & Supervisory Board Members

In order to enable Directors and Audit & Supervisory Board Members 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 Audit & Supervisory Board Members may be limited to the extent determined by the applicable laws and regulations.

7) Remuneration of Directors and Audit & Supervisory Board Members

i) The remuneration of Directors and Audit & Supervisory Board Members for the year ended March 31, 2016 was as follows:

Category of position	Number of recipients	Basic remuneration	Bonus	Stock option	Retirement Compensation	Total remuneration
Directors (Excluding External Directors)	12	¥715 million	0	¥94 million	¥108 million	¥917 million
Audit & Supervisory Board Members (Excluding External Audit & Supervisory Board Members)	4	¥127 million	—	—	—	¥127 million
External Directors and External Audit & Supervisory Board Members	9	¥107 million	—	—	—	¥107 million
Total	25	¥949 million	0	¥94 million	¥108 million	¥1,151 million

(Notes) 1. Limits on the remuneration of Directors and Audit & Supervisory Board Members have been determined by resolutions passed at a General Meeting of Shareholders. The details are as follows: total amount of basic remuneration to be paid to the Directors should not exceed ¥70 million per month (by its resolution on June 22, 2007); total amount of basic remuneration to be paid to the Audit & Supervisory Board Members should not exceed ¥20 million per month (by its resolution on June 22, 2007); total amount of bonus to be paid to the Directors (not including External Directors) should not exceed ¥500 million per year (by its resolution on June 22, 2007); and total amount of stock option with stock price conditions to be paid to the Directors (not including External Directors) should not exceed ¥500 million per year (by its resolution on June 20, 2014). This stock option with stock price conditions is granted to the Company's Directors (excluding External Directors) to purchase up to 500,000 shares of the Company's common stock per year. 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.

2. The resolution for the payment of retirement compensation shown above was made prior to the abolition of such program, and paid during the year ended March 31, 2016.

3. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥581 million to 126 retired Directors, and a total of ¥59 million to 18 retired Audit & Supervisory Board Members in the year ended March 31, 2016.

ii) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million for the year ended March 31, 2016.

Name	Category of position	Payer	Basic remuneration	Bonus	Stock option	Retirement Compensation	Total remuneration
Shoei Utsuda	Director	Mitsui	¥28 million	-	-	¥108 million	¥136 million
Masami Iijima	Director	Mitsui	¥114 million	0	¥23 million	-	¥137 million
Tatsuo Yasunaga	Director	Mitsui	¥99 million	0	¥27 million	-	¥126 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, performance-related bonuses based on the profit for the year attributable to owners of the parent and stock-based compensation stock options with stock price conditions as medium- and long-term incentive compensation. 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.

(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 Audit & Supervisory Board Members 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 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 × 3 persons + 6 points × 2 persons + 5 points × 2 persons = 63 points)	=	¥79.37 million
Executive Vice President	=	¥500 million × 7 / 63 points	=	¥55.56 million
Senior Executive Managing Officer	=	¥500 million × 6 / 63 points	=	¥47.62 million
Executive Managing Officer	=	¥500 million × 5 / 63 points	=	¥39.68 million

(c) Conditions for exercise of subscription rights to shares
See “1. Status on the Mitsui’s Shares, (2) Status of the Share Subscription Rights”

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.

v) Audit & Supervisory Board Members receive only monthly remuneration which does not include a performance-related portion. The monthly remuneration for each Audit & Supervisory Board Member is determined by discussions among the Audit & Supervisory Board Members. The total amount shall not exceed the amount shown in Note 1 in i) above. Retirement compensation is not paid to the Audit & Supervisory Board Members.

8) Status of Stocks Held

i) Stocks for investment held for purposes other than pure investment purposes stood at 453 issues and total of the amount recorded in the balance sheet is ¥614,100 million as of March 31, 2016.

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, 2015 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (39 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	81,972	Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks
Recruit Holdings Co., Ltd.	12,000,000	45,000	same as above
TonenGeneral Sekiyu K. K.	36,000,000	37,332	same as above
Yamaha Motor Co., Ltd.	8,586,000	24,916	same as above
MODEC, INC.	8,387,300	15,843	same as above
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	33,831,000	14,039	same as above
Toray Industries, Inc.	13,776,000	13,872	same as above
Yamato Kogyo Co., Ltd.	4,573,000	13,279	same as above
Coca-Cola East Japan Co., Ltd.	5,237,383	12,831	same as above
TOYOTA MOTOR CORPORATION	1,500,000	12,574	same as above
TPV Technology Limited	426,802,590	11,709	same as above
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	7,691,000	11,659	same as above
Nihon Unisys, Ltd.	9,798,509	11,170	same as above
Mitsui Fudosan Co., Ltd.	3,000,000	10,588	same as above
J-OIL MILLS, INC.	20,877,110	8,726	same as above
KATO SANGYO Co., Ltd.	3,153,000	7,860	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	7,441	same as above
POSCO	254,696	6,769	same as above
NSK Ltd.	3,838,000	6,747	same as above
Mitsui Chemicals, Inc.	17,370,390	6,704	same as above
Japan Airlines Co., Ltd.	1,583,000	5,920	same as above
The Dai-ichi Life Insurance Company, Limited	3,163,900	5,522	same as above
IHI Corporation	9,395,000	5,289	same as above
Mitsui Engineering & Shipbuilding Co., Ltd.	25,500,000	5,227	same as above
Mitsubishi UFJ Financial Group, Inc.	6,978,000	5,189	same as above
Sumitomo Metal Mining Co., Ltd.	2,908,000	5,113	same as above
QIWI plc	1,715,403	4,951	same as above
MS & AD Insurance Group Holdings, Inc.	1,422,900	4,795	same as above
Kaneka Corporation	5,543,459	4,689	same as above
GOLDWIN INC.	5,459,381	4,454	same as above
DUSKIN CO., LTD.	2,100,000	4,368	same as above
Sumitomo Mitsui Financial Group, Inc.	889,100	4,091	same as above
EPISTAR corporation	20,730,779	4,010	same as above
Nippon Flour Mills Co., Ltd.	6,698,221	3,978	same as above
AIR WATER INC.	1,754,000	3,767	same as above
Mizuho Financial Group, Inc.	17,674,090	3,731	same as above
JFE Holdings, Inc.	1,354,360	3,594	same as above
Showa Sangyo Co., Ltd.	7,700,000	3,557	same as above
Nippon Soda Co., Ltd.	5,075,000	3,542	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	18,829	Voting rights
SKY Perfect JSAT Holdings Inc.	13,405,200	10,000	same as above
Mitsui Fudosan Co., Ltd.	2,801,000	9,886	same as above
MS & AD Insurance Group Holdings, Inc.	2,846,100	9,591	same as above
Mitsui Chemicals, Inc.	17,370,000	6,704	same as above
Katakura Industries Co., Ltd.	3,600,000	4,424	same as above
TOSHIBA CORPORATION	8,621,000	4,346	same as above
Toyo Suisan Kaisha, Ltd.	994,000	4,204	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, 2016 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (29 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
Seven & i Holdings Co., Ltd.	16,222,480	77,738	Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks
Recruit Holdings Co., Ltd.	12,000,000	41,220	same as above
TonenGeneral Sekiyu K. K.	36,000,000	36,648	same as above
Yamaha Motor Co., Ltd.	8,586,000	16,072	same as above
Nihon Unisys, Ltd.	9,798,509	14,609	same as above
MODEC, INC.	8,387,300	13,830	same as above
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	7,691,000	13,413	same as above
Toray Industries, Inc.	13,776,000	13,213	same as above
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	33,831,000	12,686	same as above
Yamato Kogyo Co., Ltd.	4,573,000	11,171	same as above
HUTCHISON CHINA MEDITECH LIMITED	3,214,404	9,823	same as above
TOYOTA MOTOR CORPORATION	1,500,000	8,928	same as above
KATO SANGYO Co., Ltd.	3,153,000	8,774	same as above
Mitsui Fudosan Co., Ltd.	3,000,000	8,424	same as above
J-OIL MILLS, INC.	20,877,110	7,181	same as above
Mitsui Chemicals, Inc.	17,370,390	6,513	same as above
TPV Technology Limited	426,802,590	6,324	same as above
Nippon Flour Mills Co., Ltd.	6,698,221	6,195	same as above

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Purpose of holding
POSCO	254,696	5,512	same as above
Kaneka Corporation	5,543,459	5,343	same as above
Nippon Steel & Sumitomo Metal Corporation	2,459,954	5,318	same as above
DaikyoNishikawa Corporation	3,222,720	5,204	same as above
GOLDWIN INC.	1,091,876	4,973	same as above
MS & AD Insurance Group Holdings, Inc.	1,422,900	4,462	same as above
The Dai-ichi Life Insurance Company, Limited	3,163,900	4,310	same as above
Mitsui Engineering & Shipbuilding Co., Ltd.	25,500,000	4,284	same as above
NSK Ltd.	3,838,000	3,953	same as above
Mitsubishi UFJ Financial Group, Inc.	6,978,000	3,639	same as above
Showa Sangyo Co., Ltd.	7,700,000	3,588	same as above

Deemed Stockholdings (7 issues)

Issue	Number of shares (Shares)	Amount on balance sheet (Millions of Yen)	Rights held by Mitsui
TOYOTA MOTOR CORPORATION	2,246,200	13,369	Voting rights
MS & AD Insurance Group Holdings, Inc.	2,846,100	8,925	same as above
SKY Perfect JSAT Holdings Inc.	13,405,200	8,780	same as above
Mitsui Fudosan Co., Ltd.	2,801,000	7,865	same as above
Mitsui Chemicals, Inc.	17,370,000	6,513	same as above
Katakura Industries Co., Ltd.	3,600,000	4,258	same as above
Toyo Suisan Kaisha, Ltd.	994,000	4,015	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, 2016 and 2015.

Classification	Year ended March 31, 2016		Year ended March 31, 2015	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	713	13	701	8
Consolidated subsidiaries	733	3	760	4
Total	1,446	16	1,461	12

(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, for the years ended March 31, 2016 and 2015.

Classification	Year ended March 31, 2016		Year ended March 31, 2015	
	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)	Audit Fees (Millions of Yen)	Non Audit Fees (Millions of Yen)
Mitsui	5	78	3	11
Consolidated subsidiaries	2,240	533	2,529	364
Total	2,245	611	2,532	375

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 includes tax-related services and so on.

4) Policy for determining audit fees

In determination of audit fees, factors such as the auditing plans and the status of execution of duties by the auditor in the previous fiscal year are taken into account. The approval of the Audit & Supervisory Board 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, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2016	2015	2016
ASSETS			
Current Assets:			
Cash and cash equivalents (Note 2)	¥ 1,490,775	¥ 1,400,770	$ 13,193
Trade and other receivables (Notes 2, 8, 9, 10 and 17)	1,607,885	1,949,837	14,229
Other financial assets (Notes 2, 9 and 24)	295,064	384,156	2,611
Inventories (Notes 2, 9, 11 and 24)	533,697	671,164	4,723
Advance payments to suppliers	220,711	188,545	1,953
Other current assets	138,563	136,051	1,226
Total current assets	4,286,695	4,730,523	37,935
Non-current Assets:			
Investments accounted for using the equity method (Notes 2, 4, 6, 7 and 17)	2,515,340	2,791,341	22,260
Other investments (Notes 2, 9, 17 and 24)	1,179,696	1,529,767	10,440
Trade and other receivables (Notes 2, 8, 9, 10 and 17)	382,176	425,136	3,382
Other financial assets (Notes 2, 9 and 24)	159,384	130,974	1,410
Property, plant and equipment (Notes 2, 10, 12, 15 and 17)	1,938,448	2,148,142	17,154
Investment property (Notes 2, 10 and 13)	147,756	147,757	1,308
Intangible assets (Notes 2 and 14)	157,450	162,951	1,393
Deferred tax assets (Notes 2 and 23)	92,231	78,746	816
Other non-current assets	51,335	57,584	455
Total non-current assets	6,623,816	7,472,398	58,618
Total assets	¥ 10,910,511	¥ 12,202,921	$ 96,553

Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2016	2015	2016
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term debt (Notes 16 and 17)	¥ 353,203	¥ 290,641	$ 3,126
Current portion of long-term debt (Notes 9, 10, 16 and 17)	519,161	472,718	4,594
Trade and other payables (Notes 2, 10 and 16)	1,107,238	1,384,039	9,799
Other financial liabilities (Notes 2, 9, 16, 24 and 25)	298,329	414,011	2,640
Income tax payables (Notes 2 and 23)	22,309	41,877	197
Advances from customers	207,419	177,432	1,836
Provisions (Notes 2 and 18)	14,959	25,523	132
Other current liabilities	40,161	34,900	355
Total current liabilities	2,562,779	2,841,141	22,679
Non-current Liabilities:			
Long-term debt, less current portion (Notes 9, 10, 16 and 17)	3,838,156	4,030,598	33,966
Other financial liabilities (Notes 2, 9, 16, 24 and 25)	109,520	147,289	969
Retirement benefit liabilities (Notes 2 and 19)	78,176	46,211	692
Provisions (Notes 2 and 18)	219,330	228,540	1,941
Deferred tax liabilities (Notes 2 and 23)	409,695	482,141	3,626
Other non-current liabilities	26,319	29,627	233
Total non-current liabilities	4,681,196	4,964,406	41,427
Total liabilities	7,243,975	7,805,547	64,106
Equity: (Note 20)			
Common stock	341,482	341,482	3,022
Capital surplus	412,064	411,881	3,647
Retained earnings	2,314,185	2,537,815	20,480
Other components of equity (Notes 2 and 9)	317,955	814,563	2,813
Treasury stock	(5,961)	(5,946)	(53)
Total equity attributable to owners of the parent	3,379,725	4,099,795	29,909
Non-controlling interests (Note 2)	286,811	297,579	2,538
Total equity	3,666,536	4,397,374	32,447
Total liabilities and equity	¥10,910,511	¥12,202,921	$ 96,553

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2016	2015	2016
Revenue (Notes 2, 6, 7 and 9):			
Sale of products	¥ 4,202,593	¥ 4,815,162	$ 37,191
Rendering of services	399,937	432,112	3,539
Other revenue	157,164	157,656	1,391
Total revenue	4,759,694	5,404,930	42,121
Cost (Notes 2, 6 and 9):			
Cost of products sold	(3,807,456)	(4,310,657)	(33,694)
Cost of services rendered	(161,910)	(181,528)	(1,433)
Cost of other revenue	(63,706)	(66,905)	(564)
Total cost	(4,033,072)	(4,559,090)	(35,691)
Gross Profit	726,622	845,840	6,430
Other Income (Expenses):			
Selling, general and administrative expenses (Notes 2, 14, 19 and 22)	(566,014)	(584,608)	(5,009)
Gain (loss) on securities and other investments—net (Notes 2, 5, 6, 9 and 24)	93,168	42,458	824
Impairment reversal (loss) of fixed assets (Notes 2, 12 and 14)	(88,964)	(79,948)	(787)
Gain (loss) on disposal or sales of fixed assets—net (Notes 12 and 14)	(11,684)	1,446	(103)
Other income (expense)—net (Notes 2, 14 and 15)	(32,092)	(34,918)	(285)
Total other income (expenses)	(605,586)	(655,570)	(5,360)
Finance Income (Costs) (Notes 2 and 9):			
Interest income	31,612	33,120	280
Dividend income	54,675	114,070	484
Interest expense (Note 18)	(50,961)	(50,229)	(451)
Total finance income (costs)	35,326	96,961	313
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Notes 2, 6 and 7)	(132,033)	144,596	(1,168)
Profit before Income Taxes	24,329	431,827	215
Income Taxes (Notes 2 and 23)	(91,243)	(104,903)	(807)
Profit (Loss) for the Year	¥ (66,914)	¥ 326,924	$ (592)
Profit (Loss) for the Year Attributable to:			
Owners of the parent	¥ (83,410)	¥ 306,490	$ (738)
Non-controlling interests	16,496	20,434	146

	Yen		U.S. Dollars (Note 2)
Earnings per Share Attributable to Owners of the Parent (Notes 2 and 21):			
Basic	¥ (46.53)	¥ 170.98	$ (0.41)
Diluted	¥ (46.54)	¥ 170.95	$ (0.41)

Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2016	2015	2016
Comprehensive Income:			
Profit (Loss) for the year	¥ (66,914)	¥ 326,924	$ (592)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Financial assets measured at FVTOCI (Notes 2 and 9)	(315,232)	(57,039)	(2,790)
Remeasurements of defined benefit pension plans (Notes 2 and 19)	(33,191)	20,045	(294)
Share of other comprehensive income of investments accounted for using the equity method (Note 6)	(1,739)	(3,612)	(15)
Income tax relating to items not reclassified (Note 20)	81,316	42,045	720
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments (Notes 2 and 9)	(52,032)	38,078	(461)
Cash flow hedges (Notes 2 and 9)	10,011	(11,871)	89
Share of other comprehensive income of investments accounted for using the equity method (Note 6)	(151,581)	83,900	(1,341)
Reclassification adjustments	(77,249)	(19,372)	(684)
Income tax relating to items that may be reclassified (Note 20)	(5,490)	20,174	(49)
Total other comprehensive income	(545,187)	112,348	(4,825)
Comprehensive Income for the Year	¥ (612,101)	¥ 439,272	$ (5,417)
Comprehensive Income for the Year Attributable to:			
Owners of the parent	¥ (607,490)	¥ 406,583	$ (5,376)
Non-controlling interests (Note 20)	(4,611)	32,689	(41)

Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2016 and 2015

Millions of Yen	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total	Non-controlling Interests	Total Equity
	Attributable to owners of the parent							
Balance as at April 1, 2014	¥ 341,482	¥ 418,004	¥ 2,345,790	¥ 766,631	¥ (56,140)	¥ 3,815,767	¥ 284,537	¥ 4,100,304
Profit (Loss) for the year			306,490			306,490	20,434	326,924
Other comprehensive income for the year (Notes 2, 9 and 20)				100,093		100,093	12,255	112,348
Comprehensive income for the year						406,583	32,689	439,272
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥66)			(118,305)			(118,305)		(118,305)
Dividends paid to non-controlling interest shareholders							(13,900)	(13,900)
Acquisition of treasury stock					(25)	(25)		(25)
Sale of treasury stock			0		28	28		28
Cancellation of treasury stock (Note 20)			(50,191)		50,191	–		–
Compensation costs related to stock options		215				215		215
Equity transactions with non-controlling interest shareholders (Notes 2 and 20)		(6,338)		1,870		(4,468)	(5,747)	(10,215)
Transfer to retained earnings (Notes 2 and 20)			54,031	(54,031)		–		–
Balance as at March 31, 2015	¥ 341,482	¥ 411,881	¥ 2,537,815	¥ 814,563	¥ (5,946)	¥ 4,099,795	¥ 297,579	¥ 4,397,374
Profit (Loss) for the year			(83,410)			(83,410)	16,496	(66,914)
Other comprehensive income for the year (Notes 2, 9 and 20)				(524,080)		(524,080)	(21,107)	(545,187)
Comprehensive income for the year						(607,490)	(4,611)	(612,101)
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥64)			(114,722)			(114,722)		(114,722)
Dividends paid to non-controlling interest shareholders							(18,387)	(18,387)
Acquisition of treasury stock					(16)	(16)		(16)
Sale of treasury stock			(0)		1	1		1
Compensation costs related to stock options		181				181		181
Equity transactions with non-controlling interest shareholders (Notes 2 and 20)		2		1,974		1,976	12,230	14,206
Transfer to retained earnings (Notes 2 and 20)			(25,498)	25,498		–		–
Balance as at March 31, 2016	¥ 341,482	¥ 412,064	¥ 2,314,185	¥ 317,955	¥ (5,961)	¥ 3,379,725	¥ 286,811	¥ 3,666,536

Millions of U.S. Dollars (Note 2)	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total	Non-controlling Interests	Total Equity
	Attributable to owners of the parent							
Balance as at March 31, 2015	$ 3,022	$ 3,645	$ 22,459	$ 7,209	$ (53)	$ 36,282	$ 2,633	$ 38,915
Profit (Loss) for the year			(738)			(738)	146	(592)
Other comprehensive income for the year (Notes 2, 9 and 20)				(4,638)		(4,638)	(187)	(4,825)
Comprehensive income for the year						(5,376)	(41)	(5,417)
Transaction with owners:								
Dividends paid to the owners of the parent (per share: $0.57)			(1,015)			(1,015)		(1,015)
Dividends paid to non-controlling interest shareholders							(162)	(162)
Acquisition of treasury stock					(0)	(0)		(0)
Sale of treasury stock			(0)		0	0		0
Compensation costs related to stock options		2				2		2
Equity transactions with non-controlling interest shareholders (Notes 2 and 20)		0		16		16	108	124
Transfer to retained earnings (Notes 2 and 20)			(226)	226		–		–
Balance as at March 31, 2016	$ 3,022	$ 3,647	$ 20,480	$ 2,813	$ (53)	$ 29,909	$ 2,538	$ 32,447

Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
Years Ended March 31, 2016 and 2015

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2016	2015	2016
Operating Activities (Note 26):			
Profit (Loss) for the Year	¥ (66,914)	¥ 326,924	$ (592)
Adjustments to reconcile profit for the year to cash flows from operating activities:			
Depreciation and amortization	253,168	268,367	2,240
Change in retirement benefit liabilities	336	(3,787)	3
Provision for doubtful receivables	9,916	17,041	88
(Gain) loss on securities and other investments—net	(93,168)	(42,458)	(824)
Impairment (reversal) loss of fixed assets	88,964	79,948	787
(Gain) loss on disposal or sales of fixed assets—net	11,684	(1,446)	103
Finance (income) costs—net	(26,571)	(86,694)	(235)
Income taxes	91,243	104,903	807
Share of (profit) loss of investments accounted for using equity method	132,033	(144,596)	1,168
Changes in operating assets and liabilities:			
Change in trade and other receivables	338,168	151,918	2,993
Change in inventories	107,124	(161)	948
Change in trade and other payables	(228,258)	(52,092)	(2,020)
Change in derivative assets and liabilities	20,178	(95,596)	179
Other financial liabilities—Change in deposits received	(37,931)	10,294	(336)
Other—net	(83,993)	(36,015)	(742)
Interest received	34,395	38,291	304
Interest paid	(51,232)	(49,906)	(453)
Dividends received	220,160	291,593	1,948
Income taxes paid	(132,311)	(136,561)	(1,171)
Cash flows from operating activities	586,991	639,967	5,195
Investing Activities (Note 26):			
Change in time deposits	369	(4,736)	3
Investments in and advances to equity accounted investees	(199,807)	(278,977)	(1,768)
Proceeds from sales of investments in and collection of advances from equity accounted investees	73,429	123,622	650
Purchases of other investments	(65,769)	(68,157)	(582)
Proceeds from sales and maturities of other investments	88,196	128,232	780
Increase in long-term loan receivables	(2,859)	(1,963)	(25)
Collections of long-term loan receivables	16,956	62,009	150
Purchases of property, plant, equipment and investment property	(300,832)	(378,374)	(2,662)
Proceeds from sales of property, plant, equipment and investment property	28,109	31,947	249
Acquisitions of subsidiaries or other businesses	(45,851)	-	(406)
Cash flows from investing activities	(408,059)	(386,397)	(3,611)
Financing Activities (Note 26):			
Change in short-term debt	79,839	(181,841)	707
Proceeds from long-term debt	507,505	752,182	4,491
Repayments of long-term debt	(522,716)	(554,949)	(4,626)
Purchases and sales of treasury stock	(14)	(23)	(0)
Dividends paid	(114,737)	(118,323)	(1,015)
Transactions with non-controlling interests shareholders	(425)	(23,239)	(4)
Cash flows from financing activities	(50,548)	(126,193)	(447)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(38,379)	47,076	(340)
Change in Cash and Cash Equivalents	90,005	174,453	797
Cash and Cash Equivalents at Beginning of Year	1,400,770	1,226,317	12,396
Cash and Cash Equivalents at End of Year	¥ 1,490,775	¥ 1,400,770	$ 13,193

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 comprise 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").

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, 2016 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥113=U.S. $1, the approximate rate of exchange at March 31, 2016. 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 defined 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 significantly affect consolidated financial statements are as follows:

- Impairment and its reversal of non-financial assets (See Note 6 "INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD," Note 12 "PROPERTY, PLANT AND EQUIPMENT" and Note 14 "INTANGIBLE ASSETS")

- Revaluation for financial instruments (See Note 9 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” and Note 24 “FAIR VALUE MEASUREMENT”)
- Provisions (See Note 18 “PROVISIONS”)
- Measurement in defined benefit obligation (See Note 19 “EMPLOYEE BENEFITS”)
- Recoverability of deferred tax assets (See Note 23 “INCOME TAXES”)

The changes of judgments based on assumptions and estimates which could affect the accompanying consolidated financial statements are mainly as the following.
- Measurement of the recoverable amounts of non-financial assets (See Note 6 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD,” Note 12 “PROPERTY, PLANT AND EQUIPMENT” and Note 14 “INTANGIBLE ASSETS”)

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 5 “CONSOLIDATED SUBSIDIARIES” and Note 6 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”)
- Accounting for leases businesses (See Note 10 “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 means other 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 April 1, 2012, 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 (loss) for the year.

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 (loss) for the year.

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 generating 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 (loss) for the year.

Financial instruments

The companies have early adopted IFRS 9 “Financial Instruments” (amended in November 2013).

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 are directly reclassified to retained earnings without being recognized in profit (loss) for the year. Dividend income received on financial assets measured at FVTOCI is mainly recognized in profit (loss) for the year.

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 if there is objective evidence of a loss event 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.

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 (loss) for the year. 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 (loss) for the year. 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 (loss) for the year. 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, the companies include the gain or 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.

- 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 gain or loss. The amounts previously recognized in other comprehensive income are reclassified into profit (loss) for the year mainly as interest expense and other income (expense)–net when earnings are affected by the hedged items.

- Hedges of net investments in foreign operations
  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 other comprehensive income to the extent they are effective as a hedge. The amounts in other components of equity are reclassified into profit (loss) for the year 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 profit (loss) for the year mainly as other income (expenses)-net immediately.

- 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 recorded in profit (loss) for the year as other revenue.

Offsetting financial assets and financial liabilities

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.

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 40 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.
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 (loss) for the year. 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 (loss) for the year to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years 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.

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 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 sales 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 of 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 Expansion of the Petroleum Resource Rent Tax Act in Australia, 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 Petroleum Resource Rent Tax is 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 Petroleum Resource Rent Tax, have been considered.

The Australian Mineral Resource Rent Tax Act was regarded as an income tax subject to tax effect accounting in accordance with IAS 12 "Income Taxes," and deferred tax assets were recognized for the difference between the book values of the operating assets for financial reporting purposes and their tax bases based on the market value approach except for the portion that was deemed not to be recoverable. Such difference subject to tax effect accounting has been reversed upon the abolition of the Mineral Resource Rent Tax Act at September 5, 2014.

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 (loss) for the year 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, 2016, 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
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 amortization
IAS38	Intangible Assets	January 1, 2016	March 31, 2017	
IAS7	Statement of Cash Flows	January 1, 2017	March 31, 2018	Disclosures about changes in liabilities arising from financing activities
IFRS15	Revenue from Contracts with Customers	January 1, 2018	March 31, 2019	Accounting for recognizing revenue from contracts with customers
IFRS9	Financial Instruments	January 1, 2018	March 31, 2019	Implementation of expected credit loss model for the recognition of impairment losses of financial instruments
IFRS16	Leases	January 1, 2019	March 31, 2020	Comprehensive review of lease transactions

VII. RECLASSIFICATION

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

3. BUSINESS COMBINATIONS

For the year ended March 31, 2016

Interest in an offshore gas and condensate field in Australia

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

Since the purchase price allocation has not been completed yet, the assets acquired and liabilities assumed have been booked provisionally in the Consolidated Statements of Financial Position. The following table summarizes the provisional fair values of the assets acquired and liabilities assumed at the acquisition date:

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

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

A net cash outflow in cash flows from investing activities of ¥45,851 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, 2016.

For the year ended March 31, 2015

No material business combinations were completed during the year ended March 31, 2015.

4. ASSETS HELD FOR SALE

No material non-current asset or disposal group were classified as held for sale or sold during the year ended March 31, 2016.

Mitsui & Co. Steel Ltd. ("Mitsui Steel"), Metal One Corporation and Metal One Structural Steel & Resource Corporation reached an agreement to integrate their domestic construction steel and metal scrap business into Metal One Structural Steel & Resource Corporation in response to changes into the business environment. Therefore, as of September 30, 2014, a part of the assets and liabilities of Mitsui Steel were presented as single line items in the assets held for sale and liabilities directly associated with assets held for sale accounts, in the amounts totaling ¥111,373 million and ¥58,167 million, respectively. These accounts mostly consist of "Trade and other receivables" and "Trade and other payables." This integration was completed on November 1, 2014, and the integrated company became a 50% owned joint venture of Mitsui Steel. Therefore, as of March 31, 2015, these accounts are reclassified to the investments accounted for using the equity method. This transaction is included in the Iron & Steel Products Segment.

5. *CONSOLIDATED SUBSIDIARIES*

Consolidated subsidiaries

Major consolidated subsidiaries as of March 31, 2016 were as follows:

Registered Name	Principal Lines of Business	Jurisdiction of Incorporation	Ownership of voting shares (%)
Mitsui Oil Exploration Co., Ltd.	Exploration, development and production of oil and natural gas	Japan Tokyo	74.3
Mitsui Iron Ore Development Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	100.0
Mitsui-Itochu Iron Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	70.0
Mitsui E&P Middle East B.V.	Exploration, development and production of oil and natural gas	Netherlands Amsterdam	100.0
Mitsui Iron Ore Corporation Pty. Ltd.	Mining and sales of Australian iron ore	Australia Perth	100.0
Mitsui Sakhalin Holdings B.V.	Investments in Sakhalin Energy Investment Company Ltd.	Netherlands Amsterdam	100.0
Mitsui & Co. (U.S.A.), Inc.	Trading	U.S.A. New York	100.0
Mitsui & Co. Financial Services Ltd.	Financing services within the Group	Japan Tokyo	100.0
Novus International, Inc.	Manufacturing and sales of feed additives	U.S.A St. Charles	65.0
MBK Healthcare Partners Limited	Investment in IHH Healthcare Bhd.	United Kingdom London	100.0

Changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries

There is no significant gain or loss arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries during the year ended March 31, 2015.
During the year ended March 31, 2016, the companies deconsolidated certain subsidiaries mainly due to the plan of liquidation. Through these transactions the companies recognized a net pre-tax gain of ¥34,541 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. These SEs provide financing for customers located principally in Latin America 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, 2016 and 2015 were as follows:

March 31, 2016:

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
¥ 251,871	¥ 17,981	–	¥ 20,313

March 31, 2015:

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
¥ 296,209	¥ 19,365	–	¥ 21,738

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, 2016 and 2015 respectively.

The companies did not provide any financial support to the SEs for the years ended March 31, 2016 and 2015.

Consolidated Structured Entities (Consolidated SEs)

There is no consolidated SE as of March 31, 2016 and 2015.

6. 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 (18.07%) 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 a 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", 18.24%) and entered into a shareholders agreement with the largest shareholder group owning 36.97% 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, 2016 and 2015, consisted of the following:

	Millions of Yen	
	2016	2015
Associated companies	¥ 1,608,871	¥ 1,663,073
Joint ventures	906,469	1,128,268
Total	¥ 2,515,340	¥ 2,791,341

Share of profit and other comprehensive income of the equity accounted investees for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	2015
Profit for the year		
Associated companies	¥ 18,415	¥ 78,162
Joint ventures	(150,448)	66,434
Total	¥ (132,033)	¥ 144,596
Other comprehensive income		
Associated companies	¥ (79,103)	¥ (22,989)
Joint ventures	(77,838)	33,573
Total	¥ (156,941)	¥ 10,584
Total comprehensive income	¥ (288,974)	¥ 155,180

Impairment Losses included in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method"
The impact of ¥92,506 million is recorded due to the impairment loss at Acrux, an equity-method affiliate in the Mineral & Metal Resources Segment, which invests in the Anglo American Sur, an equity-method affiliate, driven by the revision of the long-term copper price outlook.
The impact of ¥46,185 million is recorded at Mitsui Bussan Copper Investment, a subsidiary in the Mineral & Metal Resources Segment, due to the impairment loss of Minera Lumina Copper Chile, an equity-method affiliate, driven by update in various assumptions, in consideration of operational situation and the revision of the long-term copper price outlook. The impact of ¥47,989 million is also recorded at Valepar, an equity-method affiliate, due to the impairment loss of Vale, which is invested by Valepar.

The impact of ¥54,206 million is recorded due to the impairment loss at investments accounted for using the equity method for IPP business in the Machinery & Infrastructure Segment, driven by the lower electricity prices and some obsolete power plants.

The impact of ¥40,271 million is recorded due to the impairment loss at Japan Australia LNG (MIMI), an equity-method affiliate in the Energy Segment, which invests in the Browse LNG project in Australia, following a decision to review the development plan caused by deteriorated business environment, which will lead to a postponement of its commercial operations.

Dividends received from the equity accounted investees for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen			
	2016		2015	
Associated companies	¥	98,565	¥	83,834
Joint ventures		66,363		92,294
Total	¥	164,928	¥	176,128

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, 2016 and 2015 were as follows:

	Millions of Yen			
	2016		2015	
Associated companies	¥	207,943	¥	143,828
Joint ventures		133,509		74,298
Total	¥	341,452	¥	218,216

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, plant and equipment, intangible assets which consist primarily of equipment and fixtures, mineral rights and customer relationship 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 ¥316,782 million and ¥290,231 million at March 31, 2016 and 2015, respectively. Corresponding aggregate quoted market values were ¥544,901 million and ¥601,803 million, respectively. There is no investment in common stock of publicly traded joint venture.

For the year ended March 31, 2016, the Company recognized the reversal of impairment loss of ¥12,442 million of investments accounted for using the equity method due to recovery of market prices in "Gain (loss) on securities and other investments – net" in the Consolidated Statements of Income.

The amount of impairment losses of investments in equity accounted investees for the years ended March 31, 2016 and 2015, was not material.

The amounts of outstanding balances of receivables and payables in the equity accounted investees for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen							
	2016				2015			
	Receivables		Payables		Receivables		Payables	
Associated companies	¥	213,892	¥	96,023	¥	303,042	¥	96,276
Joint ventures		76,446		35,220		100,006		73,185
Total	¥	290,338	¥	131,243	¥	403,048	¥	169,461

In relation to the Company's liquefaction business in the United States, a wholly owned subsidiary of the Company has secured four million tons per annum of LNG tolling capacity for 20 years following the inception of production of LNG scheduled for 2018, for which it will pay a tolling service fee under

a natural gas tolling liquefaction agreement with Cameron LNG LLC, a subsidiary of Cameron LNG Holdings LLC, an associate of the Company.
The Company has completed the procurement of eight LNG ships intended to be used for the delivery of LNG mainly to its customers in Japan by the end of March, 2016.
Among the time charter contracts for the eight LNG ships for which the Company has completed procurement, five LNG ships including contracts for two ships with ship-owning companies in which the Company has investments accounted for as joint ventures, have a total maximum charter period of 25 years starting from 2017 or 2018, two ships have a total maximum charter period of 25 years starting from 2018 or 2019, and the remaining one ship with ship-owning companies in which the Company has investments accounted for as joint ventures, has a total maximum charter period of 25 years starting from 2020.
The total maximum hire amount for the eight ships is approximately ¥700 billion. Corresponding to most of the costs from the above tolling and transportation contracts, the Company also entered into long term LNG sales contracts with customers mainly in Japan.

The companies' revenues and purchases in cost of revenues from the equity accounted investees for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Revenues		
Associated companies	¥ 53,808	¥ 33,621
Joint ventures	5,937	4,713
Total	¥ 59,745	¥ 38,334
Purchases		
Associated companies	¥ 47,581	¥ 58,591
Joint ventures	41,515	51,027
Total	¥ 89,096	¥ 109,618

7. 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 operating segments comprised of the business units of the Head Office and regional operating segments comprised of the regional business units.

The companies’ operating segments have been aggregated based on the similarities in the nature of the products and services, the production processes, the type of customer, the methods used for distribution, and the regulatory environments surrounding its business, along with the similarities in the economic characteristics based on the profitability indicators using Gross Profit, Profit (Loss) for the Year, EBITDA, etc. Therefore, the Company discloses seven product segments and three regional segments, totaling ten reportable segments.

The reportable segments of the Company are as follows:

“Iron & Steel Products” consists of the Iron & Steel Products business unit. This segment manufactures, sells and trades iron & steel products in Japan and abroad.

“Mineral & Metal Resources” consists of the Mineral & Metal Resources business unit. This segment 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” consists of the Infrastructure Projects business unit and Integrated Transportation Systems business unit. This segment 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” consists of the Basic Chemicals business unit and Performance Chemicals business unit. This segment manufactures, sells and trades chemical products in Japan and abroad.

“Energy” consists of Energy business units I and II. This segment 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” consists of the Food Resources business unit, the Food Products & Services business unit and Consumer Service business unit. This segment manufactures, sells, and trades foods, consumer products and materials, and engages in healthcare, real estate and service businesses in Japan and abroad.

“Innovation & Corporate Development” consists of the IT & Communication business unit and the Corporate Development business unit. This segment engages in information and communication, logistics, insurance, finance and media 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, 2016 and 2015 presented in conformity with IFRS 8 were as follows:

Segment information

Year ended March 31, 2016:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 111,082	¥ 685,557	¥ 415,198	¥ 787,370	¥ 672,638	¥ 990,438	¥ 139,473
Gross Profit	¥ 31,951	¥ 98,672	¥ 127,085	¥ 76,453	¥ 108,952	¥ 116,506	¥ 52,884
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 4,842	¥ (204,064)	¥ 8,045	¥ 7,956	¥ (22,257)	¥ 18,547	¥ 7,825
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 6,328	¥ (162,480)	¥ 18,308	¥ 17,711	¥ (3,885)	¥ (13,996)	¥ 16,128
Total Assets at March 31, 2016	¥ 392,174	¥ 1,591,364	¥ 2,009,812	¥ 732,483	¥ 1,973,464	¥ 1,523,795	¥ 510,529
Investments accounted for using the equity method at March 31, 2016	¥ 107,418	¥ 722,605	¥ 778,151	¥ 99,670	¥ 256,843	¥ 305,569	¥ 113,663
Capital additions to Non-current assets	¥ 845	¥ 35,829	¥ 14,108	¥ 15,963	¥ 154,925	¥ 21,034	¥ 3,876
Depreciation and Amortization	¥ 1,019	¥ 47,211	¥ 18,195	¥ 9,382	¥ 138,775	¥ 13,172	¥ 4,647
EBITDA	¥ 10,945	¥ (93,802)	¥ 29,239	¥ 30,089	¥ 210,119	¥ 9,938	¥ 12,491

Year ended March 31, 2016:	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 785,574	¥ 105,267	¥ 111,402	¥ 4,803,999	¥ 2,606	¥ (46,911)	¥ 4,759,694
Gross Profit	¥ 114,831	¥ 20,530	¥ 23,259	¥ 771,123	¥ 1,664	¥ (46,165)	¥ 726,622
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 8,215	¥ 3,700	¥ 35,493	¥ (131,698)	¥ 57	¥ (392)	¥ (132,033)
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 28,301	¥ 3,474	¥ 11,552	¥ (78,559)	¥ 7,429	¥ (12,280)	¥ (83,410)
Total Assets at March 31, 2016	¥ 648,787	¥ 151,328	¥ 402,889	¥ 9,936,625	¥ 5,590,315	¥ (4,616,429)	¥ 10,910,511
Investments accounted for using the equity method at March 31, 2016	¥ 80,048	¥ 14,794	¥ 38,550	¥ 2,517,311	¥ (24)	¥ (1,947)	¥ 2,515,340
Capital additions to Non-current assets	¥ 37,152	¥ 378	¥ 6,928	¥ 291,038	¥ 9,794	¥ -	¥ 300,832
Depreciation and Amortization	¥ 9,804	¥ 450	¥ 1,657	¥ 244,312	¥ 8,856	¥ -	¥ 253,168
EBITDA	¥ 69,371	¥ 5,262	¥ 40,850	¥ 324,502	¥ (490)	¥ 12,406	¥ 336,418

Year ended March 31, 2015 (As Restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 152,389	¥ 793,031	¥ 445,589	¥ 888,775	¥ 992,895	¥ 971,148	¥ 127,975
Gross Profit	¥ 38,917	¥ 147,945	¥ 131,774	¥ 70,687	¥ 204,387	¥ 115,309	¥ 41,323
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 6,799	¥ (41,705)	¥ 26,888	¥ 7,492	¥ 57,215	¥ 15,770	¥ 10,024
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 8,460	¥ 60,857	¥ 45,680	¥ 3,702	¥ 119,674	¥ (5,925)	¥ 9,900
Total Assets at March 31, 2015	¥ 457,838	¥ 1,951,657	¥ 2,046,943	¥ 839,609	¥ 2,582,054	¥ 1,615,681	¥ 592,538
Investments accounted for using the equity method at March 31, 2015	¥ 98,603	¥ 976,323	¥ 784,969	¥ 93,857	¥ 330,225	¥ 289,107	¥ 102,340
Capital additions to Non-current assets	¥ 801	¥ 68,868	¥ 12,379	¥ 29,580	¥ 178,489	¥ 23,140	¥ 3,625
Depreciation and Amortization	¥ 1,196	¥ 47,185	¥ 19,554	¥ 11,137	¥ 147,473	¥ 12,507	¥ 5,408
EBITDA	¥ 13,802	¥ 115,965	¥ 53,996	¥ 20,051	¥ 445,597	¥ 14,535	¥ 1,689

Year ended March 31, 2015 (As Restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 834,573	¥ 112,303	¥ 111,734	¥ 5,430,412	¥ 2,776	¥ (28,258)	¥ 5,404,930
Gross Profit	¥ 98,641	¥ 21,459	¥ 21,778	¥ 892,220	¥ 1,629	¥ (48,009)	¥ 845,840
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 10,463	¥ 3,297	¥ 49,008	¥ 145,251	¥ 58	¥ (713)	¥ 144,596
Profit (Loss) for the Year Attributable to Owners of the parent	¥ 25,757	¥ 3,408	¥ 30,535	¥ 302,048	¥ 8,283	¥ (3,841)	¥ 306,490
Total Assets at March 31, 2015	¥ 613,287	¥ 167,658	¥ 443,322	¥11,310,587	¥ 5,115,883	¥ (4,223,549)	¥ 12,202,921
Investments accounted for using the equity method at March 31, 2015	¥ 74,744	¥ 14,495	¥ 40,159	¥2,804,822	¥ (17)	¥ (13,464)	¥ 2,791,341
Capital additions to Non-current assets	¥ 33,229	¥ 976	¥ 14,764	¥ 365,851	¥ 12,523	¥ -	¥ 378,374
Depreciation and Amortization	¥ 9,040	¥ 451	¥ 682	¥ 254,633	¥ 13,734	¥ -	¥ 268,367
EBITDA	¥ 50,362	¥ 4,324	¥ 51,517	¥ 771,838	¥ 3,424	¥ 13,003	¥ 788,265

(Notes) 1. "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and affiliated companies. Total assets of "All Other" at March 31, 2016 and 2015 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.

2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the 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.
4. Since the year ended March 31, 2015, EBITDA has been disclosed by reportable segments as the information of the operating segments periodically reviewed by the entity's chief operating decision maker. EBITDA is comprised of the companies' (a) Gross Profit, (b) Selling, general and administrative expenses, (c) Dividend income, (d) Share of Profit (Loss) of Investments Accounted for Using the Equity Method as presented in the Consolidated Statements of Income and (e) Depreciation and amortization as presented in the Consolidated Statements of Cash Flows.
5. Previously, Profit (Loss) for the Year of the jointly invested subsidiaries by several segments was allocated from main segment to sub segment by using Profit (Loss) for the Year Attributable to Non-controlling interests account. However, in order to disclose each operating segment's EBITDA more properly, since the year ended March 31, 2016, profits and losses associated with EBITDA have been allocated by using Share of Profit (Loss) of Investments Accounted for Using the Equity Method account. Also, in order to disclose each operating segment's Total Assets more properly, as of the year ended March 31, 2016, Total Assets of the jointly invested subsidiaries have been allocated based on the internal profit share. In accordance with these changes, the operating segment information for the year ended March 31, 2015 has been restated to conform to the current period presentation.
6. As of the year ended March 31, 2016, service fees received from affiliated companies, which were formerly included in Other income (expense) – net, have been either included in Revenue or deducted from Selling, general and administrative expenses according to their nature, in order to disclose each operating segment's EBITDA more properly. In accordance with this change, the operating segment information for the year ended March 31, 2015 has been restated to conform to the current period presentation.
7. During the year ended March 31, 2016, Media Business Div. was transferred from the "Lifestyle" segment to the "Innovation & Corporate Development" segment, in conjunction with the creation of the IT & Communication Business Unit and the Corporate Development Business Unit in "Innovation & Corporate Development" segment. In accordance with this change, the operating segment information for the year ended March 31, 2015 has been restated to conform to the current period presentation.

Product information

	Millions of Yen					
	Iron and Steel	Non-Ferrous Metals	Machinery	Electronics & Information	Chemicals	Energy
Year ended March 31, 2016:						
Revenue..	¥ 604,738	¥ 352,698	¥ 426,924	¥ 62,624	¥1,185,085	¥ 676,085
Year ended March 31, 2015:						
Revenue..	¥ 783,807	¥ 356,195	¥ 505,721	¥ 60,167	¥1,254,514	¥ 999,576

	Millions of Yen				
	Foods	Textiles	General Merchandise	Property and Service Business	Consolidated Total
Year ended March 31, 2016:					
Revenue...	¥ 1,248,694	¥ 28,247	¥ 28,219	¥ 146,380	¥ 4,759,694
Year ended March 31, 2015:					
Revenue...	¥ 1,235,230	¥ 19,694	¥ 33,269	¥ 156,757	¥ 5,404,930

Geographic area information

	Millions of Yen					
	Japan	United States	Australia	Singapore	All Other	Consolidated Total
Year ended March 31, 2016:						
Revenue....................................	¥ 2,141,274	¥ 977,253	¥ 354,367	¥ 348,513	¥ 938,287	¥ 4,759,694
Year ended March 31, 2015:						
Revenue....................................	¥ 2,253,353	¥ 1,052,460	¥ 456,538	¥ 549,127	¥1,093,452	¥ 5,404,930

Note: Revenues are attributed to countries based on the location of sellers.

	Millions of Yen					
	Australia	United States	Japan	Thailand	All Other	Consolidated Total
At March 31, 2016:						
Non-current assets.....................	¥ 595,742	¥ 460,050	¥ 348,318	¥ 211,809	¥ 679,070	¥ 2,294,989
At March 31, 2015:						
Non-current assets.....................	¥ 647,569	¥ 569,779	¥ 410,811	¥ 218,423	¥ 669,852	¥ 2,516,434

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, 2016 and 2015.

8. *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, 2016 and 2015 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, 2016:	**Corporate Businesses**	**Retail Finance Business**	**Total**
Balance at beginning of year	¥ 47,481	¥ 8,380	¥ 55,861
Credits charged off	(6,117)	(10,045)	(16,162)
Provision for doubtful receivables	1,274	8,642	9,916
Others	(5,121)	(889)	(6,010)
Balance at end of year	¥ 37,517	¥ 6,088	¥ 43,605

Note: "Others" principally includes the effect of changes in foreign exchange rates.

	Millions of Yen		
Year ended March 31, 2015:	**Corporate Businesses**	**Retail Finance Business**	**Total**
Balance at beginning of year	¥ 45,539	¥ 6,413	¥ 51,952
Credits charged off	(7,601)	(8,146)	(15,747)
Provision for doubtful receivables	7,122	9,919	17,041
Others	2,421	194	2,615
Balance at end of year	¥ 47,481	¥ 8,380	¥ 55,861

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from/to 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, 2016 and 2015 were as follows:

Corporate Businesses

	Millions of Yen	
	2016	2015
Performing	¥ 2,034,743	¥ 2,396,131
Nonperforming	42,073	52,300
Total	¥ 2,076,816	¥ 2,448,431

Retail Finance Business

	Millions of Yen	
	2016	2015
Less than 30 days past due (including not past due)	¥ 119,465	¥ 139,138
30 days or more past due	5,783	12,947
Total	¥ 125,248	¥ 152,085

Receivables that are past due, but not impaired

The age analysis of receivables that are past due, but not impaired as of March 31, 2016 and 2015 is 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	
	2016	2015
Less than 90 days past due	¥ 49,255	¥ 53,693
90 days or more past due	21,899	20,010
Total	¥ 71,154	¥ 73,703

Impaired receivables

The amounts of recorded investments in impaired receivables as of March 31, 2016 and 2015 were as follows. The carrying amounts of individually impaired receivables in the retail finance business were immaterial.

Corporate Businesses

	Millions of Yen			
	2016		2015	
	Receivable	Allowance	Receivable	Allowance
With allowance for doubtful accounts	¥ 56,401	¥ 29,537	¥ 67,887	¥ 42,986
Without allowance for doubtful accounts	513	–	608	–
Total	¥ 56,914	¥ 29,537	¥ 68,495	¥ 42,986

9. 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, 2016 and 2015 were measured at amortized cost except derivative assets, and consisted of the following:

	Millions of Yen	
	2016	**2015**
Current		
Trade and other receivables		
Accounts and notes	¥ 1,427,439	¥ 1,704,618
Loans	97,028	103,970
Receivables from equity accounted investees	95,878	158,270
Other financial assets		
Time deposits	4,697	10,977
Accounts receivables-other	96,665	91,548
Derivative assets	133,138	218,150
Other	60,564	63,481
Allowances for doubtful receivables	¥ (12,460)	¥ (17,021)
Total	¥ 1,902,949	¥ 2,333,993
Non-current		
Trade and other receivables		
Accounts and notes	¥ 107,783	¥ 98,102
Loans	165,377	198,260
Receivables from equity accounted investees	140,161	167,614
Other financial assets		
Time deposits	2,162	256
Accounts receivables-other	7,226	6,929
Derivative assets	110,609	87,675
Other	39,387	36,114
Allowances for doubtful receivables	¥ (31,145)	¥ (38,840)
Total	¥ 541,560	¥ 556,110

(2) Other investments

The carrying amounts of other investments as of March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Other investments		
Financial assets measured at FVTPL	¥ 81,027	¥ 41,012
Financial assets measured at FVTOCI	1,094,439	1,484,246
Amortized cost	4,230	4,509
Total	¥ 1,179,696	¥ 1,529,767

Note: Preferred stock issued by equity accounted investees, which was contained in financial assets measured at FVTOCI as of March 31, 2016 and 2015 were ¥39,478 million and ¥50,796 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, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Marketable	¥ 533,428	¥ 633,366
Non-marketable	561,011	850,880
Total	¥ 1,094,439	¥ 1,484,246

The fair value of major items of these marketable financial assets measured at FVTOCI as of March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Seven & i Holdings Co., Ltd.	¥ 78,140	¥ 82,381
Recruit Holdings Co., Ltd.	41,220	45,000
INPEX CORPORATION	38,368	67,010
TonenGeneral Sekiyu K. K.	36,648	37,332
Yamaha Motor Co., Ltd.	16,073	24,917
Nihon Unisys, Ltd.	14,610	11,170
MODEC, INC.	13,831	15,844
TOKYO BROADCASTING SYSTEM HOLDINGS, INC.	13,413	11,659
Toray Industries, Inc.	13,214	13,873
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	12,687	14,040
Yamato Kogyo Co., Ltd.	11,172	13,280
TOYOTA MOTOR CORPORATION	8,928	12,575
KATO SANGYO Co., Ltd.	8,775	7,860
Mitsui Fudosan Co., Ltd.	8,424	10,589
J-OIL MILLS, INC.	7,226	8,781
Mitsui Chemicals, Inc.	6,516	6,706
TPV Technology Limited	6,324	11,709
Nippon Flour Mills Co., Ltd.	6,196	3,979
Nippon Steel & Sumitomo Metal Corporation	5,998	7,442
POSCO	5,512	6,770

Non-marketable financial assets measured at FVTOCI were mainly composed of investments in six LNG projects (Sakhalin II, Qatargas 1, Oman, Abu Dhabi, Qatargas 3 and Equatorial Guinea) and mineral & metal resources projects including Jimblebar iron ore project.
The fair value of the investments in the six LNG projects as of March 31, 2016 and 2015 were ¥261,730 million and ¥477,661 million, respectively.
The fair value of the main investments in the mineral & metal resources projects including Jimblebar iron ore project as of March 31, 2016 and 2015 were ¥71,823 million and ¥95,834 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, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Fair value of the financial assets at the date of derecognition	¥ 36,520	¥ 163,735
Cumulative gains and losses on disposition	¥ 13,272	¥ 50,846
Dividends received from derecognized financial assets	¥ 1,494	¥ 1,899

With respect to financial assets measured at FVTOCI, gains and losses on disposition (after income tax effect) recorded as other components of equity at the date of derecognition were transferred to retained earnings. The amounts transferred were ¥8,033 million and ¥38,831 million for the years ended March 31, 2016 and 2015, respectively.

(3) Gain (loss) on securities and other investments-net

Gain (loss) on securities and other investments-net for the years ended March 31, 2016 and 2015 that the companies recognized were as follows:

	Millions of Yen	
	2016	2015
Gain (loss) on securities and other investments-net		
Financial assets measured at FVTPL	¥ 5,393	¥ (1,340)
Affiliated companies	87,775	43,798
Total	¥ 93,168	¥ 42,458

(4) Finance income and costs

The finance income and finance costs for the years ended March 31, 2016 and 2015 that the companies recognized were as follows:

	Millions of Yen	
	2016	2015
Interest income		
Amortized cost	¥ 34,504	¥ 34,681
Derivatives	(2,892)	(1,561)
Total	¥ 31,612	¥ 33,120
Dividend income		
Financial assets measured at FVTOCI	¥ 52,919	¥ 113,891
Financial assets measured at FVTPL	1,756	179
Total	¥ 54,675	¥ 114,070
Interest expense		
Amortized cost	¥ (95,278)	¥ (75,356)
Derivatives	44,317	25,127
Total	¥ (50,961)	¥ (50,229)

In addition to those shown in the table above, interest income of ¥34,972 million and ¥37,479 million on financial assets measured at amortized cost is included in "Other revenue" and interest expenses of ¥10,637 million and ¥11,583 million on financial liabilities measured at amortized cost are included in "Cost of other revenue" for the years ended March 31, 2016 and 2015, respectively, mainly related to 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 approximate their respective carrying amounts. The fair values of non-current receivables with fixed rates and long-term debt with fixed rates 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, 2016 and 2015 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts reasonably approximate its fair values.

	Millions of Yen			
	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current receivables				
Trade and other receivables and other financial assets (*)	¥ 541,560	¥ 542,582	¥ 556,110	¥ 557,487
Non-current liabilities				
Long-term debt, less current portion and other financial liabilities (*)	¥ 3,947,676	¥ 3,999,237	¥ 4,177,887	¥ 4,256,636

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

Trade and other receivables include loans receivable. Long-term debt includes borrowings and bonds. Fair values of trade and other receivables classified as level 3 were ¥185,153 million and ¥198,793 million as of March 31, 2016 and 2015, 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 appropriateness of 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 the ratio of profit (loss) for the year attributable to the owner of the parent to shareholders' equity. ROE as of March 31, 2016 and 2015 was minus 2.2% and 7.7%, respectively.

(**)Net DER refers to the 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, 2016 and 2015 was 0.95 times and 0.82 times, respectively.

(***) Risk-adjusted assets refers to the maximum loss exposure and is calculated by multiplying assets including trade and other receivables, other investments and fixed assets by risk weights, which the companies have determined individually based on the potential risk of loss.

The Company considers these indicators periodically, and they are used for developing business policy and business judgment.
As a result, the Company maintains a robust balance sheet and credit rating which is sufficient for business projects. The Company strives 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 Note 8 “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 a significant loss arising from these transactions is extremely unlikely. 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, maintaining lines of credit with banks, procuring mainly long-term funds, utilizing financing programs provided by government financing agencies and/or project financing and such so that the companies decrease liquidity risk. The unused lines of credit of the companies as of March 31, 2016 and 2015 were ¥1,113,412 million and ¥1,233,068 million respectively.

・ 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 on 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.

① Interest rate risk
The companies are exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect our operating results. 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 of 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, 2016 and 2015 is ¥(31,100) million and ¥(30,872) 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, deposits and such.

② Foreign 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 and currency swaps.
For significant long and short net positions denominated in foreign currencies as of March 31, 2016 and 2015, assuming a 1% appreciation of the Yen, the impacts on profit before income taxes were ¥270 million from USD, ¥(4) million from BRL and ¥289 million from AUD as of March 31, 2016 and ¥(72) million from USD, ¥(240) million from BRL and ¥386 million from AUD as of March 31, 2015. Based on the same assumption, the impact on other comprehensive income would be ¥(14) million from USD as of March 31, 2016 and ¥(174) million from USD as of March 31, 2015. 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.

③ Commodity 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 associated with commodity prices.
The companies measure the risk of market commodities for which historical price fluctuations are relatively high along with actively traded derivative 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, 2016 and 2015 was ¥9,988 million and ¥10,790 million respectively.

④ Stock 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, 2016 and 2015, 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 ¥47,358 million and ¥50,736 million respectively. The impact on profit before taxes is immaterial.

(7) Derivative instruments and hedging accounting

The companies have early adopted IFRS 9 “Financial Instruments: Hedge Accounting” (amended in November 2013). Therefore, the following disclosure information is in accordance with the requirements of IFRS 7 “Financial Instruments: Disclosures” (amended in November 2013).
The risk management policies for each risk category of risk exposure for which hedge accounting is applied is provided in Note 9 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters”. Regarding foreign currency exchange rate risks and commodity price risks, the companies manage the risk exposure based on limits to positions and losses set by each business unit. Regarding interest rate risks, the companies manage the risk exposure based on the policies in which the companies considered factors such as financial market, asset and debt balances and the risk of interest rate fluctuations.

<u>Foreign currency exchange rate risk</u>
The companies use derivative instruments, such as foreign exchange forward contracts and currency swap agreements, as hedging instruments for hedge accounting 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 foreign-currency-denominated debt in order to mainly hedge the foreign currency exposure in the net investment in foreign operations.

Interest rate risk
The companies use derivatives, such as interest rate swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and offset the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk
The companies use derivative instruments, such as swap contracts, as hedging instruments for hedge accounting to fix the expected future cash flows from forecasted transactions in marketable commodities.

When applying hedge accounting to address the above risk, the companies confirm that there are economic relationships between the hedged items and the hedging instruments through qualitative assessments, which show whether the critical terms of hedging instruments and hedged items match exactly or are closely aligned, and quantitative assessments, which show fluctuations of value of hedged item and hedging instrument with the same risk offset each other, in order to confirm that there are economic relationships that the change in fair value or the present value of cash flows of the hedged items that are attributable to the risk that will be hedged will move in the opposite direction from the change in fair value or the present value of cash flows of the hedging instrument.
Each hedge ratio is established properly based on an economic relationship between the hedged item and the hedging instrument and the risk management strategy.
In the case the companies designate a specific risk component which is decided based on the risk management strategies for each risk category as a hedged item, the risk component is separately identifiable from the hedged item in its entirety for all risks, and changes in the cash flows or the fair value attributable to the change in the risk component is measurable reliably.

The nominal amounts of the hedging instruments as of March 31, 2016 and 2015 were as follows:

	Billions of Yen					
	March 31, 2016			March 31, 2015		
Risk category	Fair value hedges	Cash flow hedges	Hedges of the net investment in a foreign operation	Fair value hedges	Cash flow hedges	Hedges of the net investment in a foreign operation
Foreign currency exchange rate....	¥ 82	¥ 283	¥ 1,133	¥ 47	¥ 284	¥ 1,329
Interest rate.......	735	396		709	483	–
Commodity price..................	–	1	–	–	11	–
Total nominal amounts............	¥ 817	¥ 680	¥ 1,133	¥ 756	¥ 778	¥ 1,329

The effects of hedge accounting on Consolidated Statements of Financial Position

The following tables present Carrying Value (fair value) of hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2016 and 2015:

Risk category	Line Item in the Consolidated Statements of Financial Position	Millions of Yen					
		March 31, 2016			March 31, 2015		
		Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	Cash and cash equivalents	¥ –	¥ 109,992	¥ –	¥ –	¥ 107,781	¥ –
	Other financial assets - Current	7	6,114	3,988	3	5,165	5,482
	Other financial assets - Non-current	142	2,296	5,305	–	4,112	2,385
Interest rate...	Other financial assets - Current	732	1	–	473	–	–
	Other financial assets - Non-current	69,403	4	–	38,427	–	–
Commodity price	Other financial assets - Current	–	4	–	–	–	–
Total..............................		¥ 70,284	¥ 118,411	¥ 9,293	¥ 38,903	¥ 117,058	¥ 7,867

Risk category	Line Item in the Consolidated Statements of Financial Position	Millions of Yen					
		March 31, 2016			March 31, 2015		
		Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation	Fair value hedge	Cash flow hedge	Hedges of the net investment in a foreign operation
Foreign currency exchange rate	Current portion of long-term debt	¥ 2,504	¥ –	¥ 93,212	¥ 2,788	¥ –	¥ 100,593
	Other financial liabilities - Current	109	2,517	3,655	–	699	19,122
	Long-term debt, less current position	54,867	–	721,181	35,719	–	749,561
	Other financial liabilities - Non-current	–	1,717	4,791	239	613	17,859
Interest rate...	Other financial liabilities - Current	–	356	–	–	2,319	–
	Other financial liabilities - Non-current	–	9,750	–	103	6,912	–
Commodity price	Other financial liabilities - Current	–	–	–	–	4,846	–
Total..............................		¥ 57,480	¥ 14,340	¥ 822,839	¥ 38,849	¥ 15,389	¥ 887,135

Fair value hedge

The following table presents the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position as of March 31, 2016 and 2015, and the accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position:

		Millions of Yen			
		March 31, 2016		March 31, 2015	
Risk Category	Line Item in the Consolidated Statements of Financial Position	Carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items	Carrying amount of the hedged items	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items
Foreign currency exchange rate	Other investments	¥ 99,508	¥ 2,263	¥ 49,768	¥ 1,747
	Long-term debt, less current position	5,143	61	5,198	(222)
Interest rate	Current portion of long-term debt	60,000	758	76,000	473
	Long-term debt, less current position	774,667	76,055	631,193	38,374

The accumulated amount of fair value hedge adjustments remaining in the Consolidated Statements of Financial Position as of March 31, 2016 and 2015 for any hedged items that have ceased to be adjusted for hedging gains and losses were immaterial.

Cash flow hedge

The following amounts in the Consolidated Statements of Financial Position as of March 31, 2016 and 2015 were immaterial:
- The balances in the cash flow hedge reserve
- The balances remaining in the cash flow hedge reserve from any hedging relationships for which hedge accounting is no longer applied

Hedges of net investments in foreign operations

The balance in the foreign currency translation adjustments which were recognized to reduce the foreign currency exposure in the net investment in foreign operations as of March 31, 2016 and 2015 was ¥(145,602) million and ¥(223,325) million respectively. The balance in the foreign currency translation adjustments from any hedging relationships for which hedge accounting is no longer applied as of March 31, 2016 and 2015 was immaterial.

<u>The effects of hedge accounting on the Consolidated Statements of Income and Comprehensive Income</u>

Fair value hedge

The following table presents the change in value of the hedged items and fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness for the years ended March 31, 2016 and 2015. Since the year ended March 31, 2016, the aggregation method of change in value of hedged items has been changed from the fluctuations in absolute value of assets and liabilities to the fluctuations in gain as positive and loss as negative. In accordance with this change, the prior year amounts of change in the value of hedged items have been conformed to the current year presentation.

	Millions of Yen			
	March 31, 2016		**March 31, 2015**	
Risk category	Change in value of hedged items	Change in fair value of Hedging instruments	Change in value of hedged items	Change in fair value of Hedging instruments
Foreign currency exchange rate risk..	¥ (2,223)	¥ 2,396	¥ 5,228	¥ (5,679)
Interest rate risk.....	(45,406)	45,406	(27,708)	27,708

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the years ended March 31, 2016 and 2015 were immaterial:
- Hedge ineffectiveness recognized in profit (loss) for the year.

Cash flow hedge

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the years ended March 31, 2016 and 2015 were immaterial:
- The change in the value of hedged items and fair value of hedging instruments used as the basis for recognizing hedge effective.
- The hedging gains and losses that were recognized in other comprehensive income.
- Hedge ineffectiveness recognized in profit (loss) for the year.
- The amount reclassified from the cash flow hedge reserve into profit (loss) for the year as a reclassification adjustment.

Hedges of net investments in foreign operations

The change in the fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness for the years ended March 31, 2016 and 2015, was ¥81,142 million and ¥(131,087) million, respectively. Of these amounts, ¥79,543 million and ¥(123,591) million were recognized in the foreign currency transaction adjustments for the years ended March 31, 2016 and 2015, respectively. The change in value of hedged items used as the basis for recognizing hedge ineffectiveness approximated the change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness.

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the years ended March 31, 2016 and 2015 were immaterial:
- Hedge ineffectiveness recognized in profit (loss) for the year.

The amount reclassified from the foreign currency translation adjustments into profit (loss) for the year ended March 31, 2016 as a reclassification adjustment was ¥(45,330) million, and the amount as of March 31, 2015 was immaterial.

(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 collateral as of March 31, 2016 and 2015. These amounts of financial assets and liabilities except derivative assets, derivative liabilities and collateral as of March 31, 2016 and 2015 were immaterial.

	Millions of Yen	
March 31, 2016:	**Financial Assets**	**Financial Liabilities**
Gross amounts of recognized financial assets and liabilities	¥ 791,150	¥ 659,334
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position	(512,924)	(512,924)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position	278,226	146,410
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(52,801)	(52,801)
Exposure on a net basis	¥ 225,425	¥ 93,609

	Millions of Yen	
March 31, 2015:	**Financial Assets**	**Financial Liabilities**
Gross amounts of recognized financial assets and liabilities	¥ 1,241,598	¥ 1,151,151
Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position	(894,313)	(894,313)
Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position	347,285	256,838
Related amounts not set off in the Consolidated Statements of Financial Position (including collateral)	(78,799)	(78,799)
Exposure on a net basis	¥ 268,486	¥ 178,039

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.

10. LEASES

Lessor

The companies lease real estate, aircraft, equipment, ocean transport vessels, rolling stock and others.

Certain leases of equipment, rolling stock 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, 2016 and 2015:

	Millions of Yen			
	Gross investment in the lease		**The present value of future minimum lease payments to be received**	
Year ending March 31:	**2016**	**2015**	**2016**	**2015**
Not later than 1 year	¥ 9,617	¥ 10,713	¥ 6,822	¥ 9,941
Later than 1 year and not later than 5 years	20,801	31,339	18,303	23,365
Later than 5 years	15,688	18,463	7,844	9,254
Total	¥ 46,106	¥ 60,515	¥ 32,969	¥ 42,560
Unearned income	(12,622)	(17,107)		
Unguaranteed residual values of leased assets (present value)	(515)	(848)		
The present value of future minimum lease payments to be received	¥ 32,969	¥ 42,560		

The following is a schedule of future minimum lease payments to be received under noncancellable operating leases as of March 31, 2016 and 2015:

	Millions of Yen	
Year ending March 31:	**2016**	**2015**
Not later than 1 year	¥ 29,124	¥ 30,121
Later than 1 year and not later than 5 years	53,252	44,816
Later than 5 years	19,288	15,994
Total	¥ 101,664	¥ 90,931

Lessee

The companies lease real estate, equipment, ocean transport vessels 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, 2016 and 2015. The following minimum lease payments have not been reduced by minimum sublease payments to be received of ¥35,643 million and ¥22,684 million as of March 31, 2016 and 2015:

	Millions of Yen			
	Future minimum lease payments		**The present value of future minimum lease payments**	
Year ending March 31:	**2016**	**2015**	**2016**	**2015**
Not later than 1 year	¥ 8,748	¥ 7,704	¥ 6,693	¥ 7,404
Later than 1 year and not later than 5 years	30,124	22,150	27,860	19,386
Later than 5 years	56,541	32,278	40,206	24,071
Total	¥ 95,413	¥ 62,132	¥ 74,759	¥ 50,861
Future financial cost	(20,654)	(11,271)		
The present value of future minimum lease payments	¥ 74,759	¥ 50,861		

The companies lease real estate, rolling stock, ocean transport vessels, equipment and others under operating leases. Most of the rolling stock and ocean transport vessels 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, 2016 and 2015. The following minimum lease payments have not been reduced by minimum sublease payments to be received of ¥13,728 million and ¥13,181 million as of March 31, 2016 and 2015:

	Millions of Yen	
Year ending March 31:	2016	2015
Not later than 1 year	¥ 21,552	¥ 23,631
Later than 1 year and not later than 5 years	59,378	57,364
Later than 5 years	37,456	31,846
Total	¥ 118,386	¥ 112,841

Rental expenses incurred for operating leases for the years ended March 31, 2016 and 2015 were ¥46,708 million and ¥40,784 million, respectively. Sublease rental incomes for the years ended March 31, 2016 and 2015 were ¥4,079 million and ¥6,847 million, respectively.

11. INVENTORIES

Inventories as of March 31, 2016 and 2015 were comprised of the following:

	Millions of Yen	
	2016	2015
Commodities and finished goods	¥ 456,358	¥ 587,911
Property for Sale	16,887	9,936
Raw materials, work in progress and others	60,452	73,317
Total	¥ 533,697	¥ 671,164

See Note 24, "FAIR VALUE MEASUREMENT" for the carrying amount of inventories carried at fair value less costs to sell.

12. 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, 2016 and 2015 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, 2014	¥ 751,325	¥ 2,043,457	¥ 116,967	¥ 291,556	¥ 320,889	¥ 3,524,194
Additions	23,040	136,888	10,633	488	229,298	400,347
Disposals	(59,930)	(35,293)	(40,919)	(10,587)	(85)	(146,814)
Foreign currency translation	24,148	114,448	16,103	36,232	15,726	206,657
Others	73,168	136,356	25,479	9,237	(257,379)	(13,139)
Balance at March 31, 2015	¥ 811,751	¥ 2,395,856	¥ 128,263	¥ 326,926	¥ 308,449	¥ 3,971,245
Additions	20,595	79,806	43,555	3,690	191,686	339,332
Disposals	(6,563)	(214,627)	(23,265)	(23,231)	(990)	(268,676)
Acquisitions through business combinations	–	12,852	–	36,004	–	48,856
Foreign currency translation	(34,042)	(106,261)	(7,964)	(19,068)	(13,549)	(180,884)
Others	41,715	110,461	(1,042)	4,212	(234,049)	(78,703)
Balance at March 31, 2016	¥ 833,456	¥2,278,087	¥ 139,547	¥ 328,533	¥ 251,547	¥3,831,170

[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, 2014	¥ 250,482	¥ 1,102,980	¥ 30,582	¥ 126,675	¥ 6,023	¥ 1,516,742
Depreciation expenses	31,399	200,592	7,465	11,427	–	250,883
Disposals	(58,673)	(28,293)	(10,802)	(4,404)	–	(102,172)
Impairment losses	557	63,478	1,271	12,130	43	77,479
Foreign currency translation	6,797	60,857	2,905	12,046	90	82,695
Others	8,862	(6,360)	1,543	(454)	(6,115)	(2,524)
Balance at March 31, 2015	¥ 239,424	¥ 1,393,254	¥ 32,964	¥ 157,420	¥ 41	¥ 1,823,103
Depreciation expenses	28,385	190,332	7,884	9,023	–	235,624
Disposals	(3,186)	(151,814)	(7,616)	(22,729)	–	(185,345)
Impairment losses	3,552	74,353	1,549	8,783	7,431	95,668
Foreign currency translation	(9,116)	(58,903)	(1,081)	(9,304)	136	(78,268)
Others	962	(3,463)	(1,740)	6,178	3	1,940
Balance at March 31, 2016	¥ 260,021	¥ 1,443,759	¥ 31,960	¥ 149,371	¥ 7,611	¥ 1,892,722

[Carrying amount]

	Millions of Yen					
	Land and buildings	Equipment and fixtures	Vessels and aircrafts	Mineral rights	Projects in progress	Total
Balance at March 31, 2015	¥ 572,327	¥ 1,002,602	¥ 95,299	¥ 169,506	¥ 308,408	¥ 2,148,142
Balance at March 31, 2016	¥ 573,435	¥ 834,328	¥ 107,587	¥ 179,162	¥ 243,936	¥ 1,938,448

The impairment loss was recorded as “Impairment reversal (loss) of fixed assets - net” in the Consolidated Statements of Income. The breakdown of impairment losses of fixed assets for the years ended March 31, 2016 and 2015 by segment is as follows:

	Millions of Yen	
	2016	2015
Mineral & Metal Resources	¥ (38,808)	¥ –
Machinery & Infrastructure	(2,113)	(1,077)
Chemicals	–	–
Energy	(52,204)	(75,233)
Lifestyle	(2,451)	(223)
Innovation & Corporate Development	(29)	(132)
Americas	(63)	(813)
Asia Pacific	–	–
Others	–	(1)
Consolidated Total	¥ (95,668)	¥ (77,479)

The impairment loss on property, plant and equipment for the year ended March 31, 2016 consisted mainly of three impairment losses as stated below.

One of the primary impairment losses was from a portion of mining equipment and mineral rights of ¥38,135 million, which were owned by Mitsui Coal Holdings Pty. Ltd, a subsidiary in the Mineral & Metal Resources Segment engaged in the exploration, development and production of coal in Australia. The impairment losses were calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥51,146 million. The impairment loss mainly related to a decline in coal prices.

Another impairment loss was from the production equipment and others of ¥19,445 million, which were owned by MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas. The impairment loss was calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥60,171 million.

The other impairment loss was from the production equipment and others of ¥18,179 million, which were owned by Mitsui E&P USA LLC, a subsidiary in the Energy Segment engaged in the shale gas development in Pennsylvania. The impairment loss was calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥135,441 million.
These impairment losses mainly related to a decline in the crude oil and natural gas prices.

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

The impairment loss on property, plant and equipment for the year ended March 31, 2015 consisted principally of two impairment losses as stated below.

One impairment loss was from production equipment and mineral rights of ¥58,862 million, which were owned by MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas. The impairment loss was calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥75,172 million.

The other main impairment loss was from production equipment and mineral rights of ¥13,784 million, which were owned by Mitsui E&P UK Limited, a subsidiary in the Energy Segment engaged in the oil and gas development in the North Sea, U.K. The impairment loss was calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥16,642 million.
These impairments mainly related to a decline in the crude oil price.

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

13. INVESTMENT PROPERTY

The acquisition cost of investment property as of March 31, 2016, 2015 and April 1, 2014 was ¥188,393 million, ¥196,596 million and ¥177,397 million, respectively, and accumulated depreciation and impairment losses on investment property were ¥40,637 million, ¥48,839 million and ¥38,063 million, respectively.

The carrying amount of investment property as of March 31, 2016 and 2015 was ¥147,756 million and ¥147,757 million, respectively, and fair value of investment property were ¥198,194 million and ¥206,927 million, respectively.

Rental income from investment property and direct operating expenses arising from investment property for the years ended March 31, 2016 and 2015 was 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 is 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.

14. INTANGIBLE ASSETS

The changes in acquisition cost, accumulated amortization and impairment losses and carrying amount of intangible assets for the years ended March 31, 2016 and 2015 were as follows:

[Acquisition cost]

	Millions of Yen			
	Goodwill	**Software**	**Others**	**Total**
Balance at April 1, 2014	¥ 108,947	¥ 80,816	¥ 90,352	¥ 280,115
Additions	2,370	7,048	21,906	31,324
Disposals	(4,086)	(6,306)	(3,405)	(13,797)
Foreign currency translation	6,156	2,055	5,801	14,012
Others	(1,484)	299	3,406	2,221
Balance at March 31, 2015	¥ 111,903	¥ 83,912	¥ 118,060	¥ 313,875
Additions	8,085	6,881	3,276	18,242
Disposals	(3,617)	(8,164)	(2,621)	(14,402)
Foreign currency translation	(5,689)	(1,342)	(5,949)	(12,980)
Others	634	1,235	19,338	21,207
Balance at March 31, 2016	¥ 111,316	¥ 82,522	¥ 132,104	¥ 325,942

[Accumulated amortization and impairment losses]

	Millions of Yen			
	Goodwill	**Software**	**Others**	**Total**
Balance at April 1, 2014	¥ 37,344	¥ 47,981	¥ 50,637	¥ 135,962
Amortization expense	–	10,886	4,068	14,954
Impairment losses	5,834	57	2,412	8,303
Disposals	(2,780)	(5,908)	(1,400)	(10,088)
Foreign currency translation	(522)	949	2,807	3,234
Others	(1,475)	(2,131)	2,165	(1,441)
Balance at March 31, 2015	¥ 38,401	¥ 51,834	¥ 60,689	¥ 150,924
Amortization expense	-	10,380	4,722	15,102
Impairment losses	6,306	2,035	3,069	11,410
Disposals	(1,267)	(7,554)	(1,425)	(10,246)
Foreign currency translation	(1,357)	(969)	(2,850)	(5,176)
Others	-	239	6,239	6,478
Balance at March 31, 2016	¥ 42,083	¥ 55,965	¥ 70,444	¥ 168,492

[Carrying amount]

	Millions of Yen			
	Goodwill	**Software**	**Others**	**Total**
Balance at March 31, 2015	¥ 73,502	¥ 32,078	¥ 57,371	¥ 162,951
Balance at March 31, 2016	¥ 69,233	¥ 26,557	¥ 61,660	¥ 157,450

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 and reversal of impairment losses on other intangible asset were recognized in “Impairment reversal (loss) of fixed assets - net” in the Consolidated Statement of Income.
For the year ended March 31, 2016, TOKYO INTERNATIONAL AIR CARGO TERMINAL LTD., a subsidiary in the Machinery & Infrastructure Segment, recognized the reversal of impairment loss of ¥11,808 million related to the intangible asset based on the service concession arrangement based on the recoverable amount of ¥12,075 million. This reversal of impairment loss mainly related to the increase in the quantity of air cargo caused by the increase in inbound and outbound flights at Haneda Airport and cost reductions.

The recoverable amount above represents the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.
The reversal of impairment loss is recognized in "Others" in the above Accumulated amortization and impairment losses.

Goodwill is allocated to each cash-generating unit (or group of units) for impairment testing of goodwill for the years ended March 31, 2016 and 2015. The goodwill allocated to Mitsui E&P Italia A S.r.l, whose carrying amounts were ¥22,177 million and ¥23,652 million as of March 31, 2016 and 2015, respectively, accounts for a main portion of the goodwill. 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 for 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 the discount rate to calculate the 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. The oil price based on the Crude Oil Brent Price is used for impairment testing.

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 years ended March 31, 2016 and 2015.

15. 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, 2016 and 2015 were as follows:

	Millions of Yen			
	2016		2015	
Balance at beginning of year	¥	86,356	¥	68,514
Acquisitions / Additions		47,865		40,942
Charge for the year		(1,595)		(19,036)
Reclassification		(23,319)		(9,715)
Foreign currency translation		(4,374)		9,410
Others		(4,653)		(3,759)
Balance at end of year	¥	100,280	¥	86,356

Expenses, cash flows from operating activities and cash flows from investing activities in relation to exploration and evaluation for mineral resources and oil & gas for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen			
	2016		2015	
Exploration and evaluation expenses	¥	(26,341)	¥	(47,245)
Cash flows from operating activities		(24,848)		(25,984)
Cash flows from investing activities		(31,203)		(18,351)

Exploration and evaluation expenses are included in other income (expense)-net in the Consolidated Statements of Income.

16. DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES

(1) Short-term debt

Short-term debt as of March 31, 2016 and 2015 was comprised of the following:

	Millions of Yen			
	2016		2015	
		Interest rate		Interest rate
Short-term bank loans and others	¥ 323,262	2.4%	¥ 278,631	2.3%
Commercial paper	29,941	0.6	12,010	0.2
Total	¥ 353,203		¥ 290,641	

The interest rates represent weighted average rates in effect as of March 31, 2016 and 2015 regardless of borrowing currencies, though the range of the interest rates varies by borrowing currency.

(2) Long-term debt

Long-term debt as of March 31, 2016 and 2015 consisted of the following:

	Millions of Yen	
	2016	2015
Long-term debt with collateral (Note 17):		
Banks and insurance companies, maturing serially through 2052—principally 1.0% to 13.9%	¥ 39,571	¥ 92,992
Government-owned banks and government agencies, maturing serially through 2030—principally 1.7% to 13.2%	38,939	45,701
Bonds:		
Foreign currency bonds (floating rate 13.0% to 14.8%, due 2021)	–	3,660
Total	78,510	142,353
Long-term debt without collateral:		
Banks and others (principally insurance companies):		
Principally 0.0% to 2.6%, maturing serially through 2036	1,577,481	1,603,476
Principally 0.0% to 12.7%, maturing serially through 2032 (payable in foreign currencies)	2,294,765	2,346,172
Bonds and notes:		
Japanese yen bonds with early redemption clause (fixed rate 1.4%, due 2015)	-	10,000
Japanese yen bonds (fixed rate 0.8% to 2.6%, due 2015–2033)	246,205	252,748
Japanese yen bonds (fixed and floating rate: floating rate 1.4% to 2.3%, due 2016–2024)	30,000	30,000
Japanese yen bonds (floating rate 0.5% to 1.7%, due 2016–2017)	30,000	40,000
Notes under euro medium-term note programme (fixed rate 4.3%, due 2017)	8,695	9,680
Notes under euro medium-term note programme (fixed and floating rate: floating rate 0.7% to 1.2% due 2018–2019)	16,902	18,026
Finance lease obligations (0.2% to 5.7%, maturing serially through 2036)	74,759	50,861
Total	4,278,807	4,360,963
Total	4,357,317	4,503,316
Less current portion	519,161	472,718
Long-term debt, less current portion	¥3,838,156	¥4,030,598

(3) Trade and other payables, and other financial liabilities

Trade and other payables, and other financial liabilities as of March 31, 2016 and 2015 consisted of the following:

	Millions of Yen	
	2016	2015
Current:		
Trade and other payables		
Notes payable-trade	¥ 24,328	¥ 26,951
Accounts payable-trade	955,950	1,212,091
Payables to equity accounted investees	33,993	35,964
Accrued expenses	92,967	109,033
Other financial liabilities		
Accounts payable-other	138,263	123,339
Derivative liabilities	94,233	174,077
Other	65,833	116,595
Total	¥ 1,405,567	¥ 1,798,050
Non-current:		
Other financial liabilities		
Accounts payable-other	¥ 32,616	¥ 51,714
Derivative liabilities	40,136	56,156
Other	36,768	39,419
Total	¥ 109,520	¥ 147,289

All financial liabilities, except for derivative liabilities, presented above are measured at amortized cost and there are 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, 2016 and 2015 were as follows:

March 31, 2016	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	¥ 1,106,130	¥ 1,108	¥ –	¥ 1,107,238
Accounts payables-other	138,247	30,288	2,344	170,879
Long-term debt (Including current portion)	519,161	1,617,499	2,220,657	4,357,317

March 31, 2015

	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	¥ 1,382,444	¥ 1,595	¥ –	¥ 1,384,039
Accounts payables-other	123,322	51,247	484	175,053
Long-term debt (Including current portion)	472,718	1,951,724	2,078,874	4,503,316

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, 2016 and 2015.

March 31, 2016

		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	¥ 47,932	¥ 26,736	¥ 14,629	¥ 89,297
	Payments	(39,571)	(17,886)	(12,690)	(70,147)
Interest rate contracts	Receipts	10,153	34,435	56,535	101,123
	Payments	(2,545)	(6,132)	(3,796)	(12,473)
Commodity contracts	Receipts	535,845	31,614	1,503	568,962
	Payments	(530,922)	(28,824)	–	(559,746)

March 31, 2015

		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	¥ 39,911	¥ 59,515	¥ 16,369	¥ 115,795
	Payments	(42,818)	(41,747)	(21,284)	(105,849)
Interest rate contracts	Receipts	11,252	26,708	37,665	75,625
	Payments	(8,124)	(5,186)	(1,006)	(14,316)
Commodity contracts	Receipts	865,613	129,203	–	994,816
	Payments	(865,705)	(129,494)	(1,203)	(996,402)

17. PLEDGED ASSETS

The assets pledged as collateral for certain short-term debt, long-term debt and payment guarantees, etc. as of March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	2015
Trade and other receivables (current and non-current)	¥ 67,103	¥ 89,020
Investments	322,305	473,268
Property, plant and equipment	39,470	93,552
Others	8,086	10,590
Total	¥ 436,964	¥ 666,430

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.

18. PROVISIONS

The changes in provisions for the year ended March 31, 2016 were as follows:

	Millions of Yen		
	Asset retirement obligation	Other provisions	Total
Balance at April 1, 2015	¥ 227,900	¥ 26,163	¥ 254,063
Additional provisions recognized	7,400	14,765	22,165
Provisions used	(4,487)	(14,053)	(18,540)
Unwinding of discount	2,227	–	2,227
Others*	(22,154)	(3,472)	(25,626)
Balance at March 31, 2016	¥ 210,886	¥ 23,403	¥ 234,289

* "Others" principally includes the effect of changes in foreign currency exchange rates and the decrease due to estimate change.

The asset retirement obligations are principally related to the costs of dismantling and removing oil and gas production facilities owned by a domestic subsidiary which has interests in oil and gas operations in Southeast Asia and other areas, and subsidiaries in Europe, which are engaged in oil and gas producing activities. These expenses are expected to be paid after one year until fifty years; however, they may be affected by future business plans and other circumstances.
"Other provisions" includes provision for product warranties and rebates of sales, etc.

19. 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	
	2016	**2015**
Change in defined benefit obligation:		
Defined benefit obligation at beginning of year	¥ 358,305	¥ 350,467
Service cost	10,164	10,384
Interest cost	4,339	4,660
Actuarial loss	15,529	6,878
Benefits paid from plan assets	(14,268)	(15,757)
Others	(3,477)	1,673
Defined benefit obligation at end of year	370,592	358,305
Change in plan assets:		
Fair value of plan assets at beginning of year	312,407	280,958
Interest income	4,238	4,150
Return on plan assets (excluding interest income)	(19,258)	29,661
Contributions by the employer	11,242	11,062
Benefits paid from plan assets	(14,268)	(15,757)
Others	(1,842)	2,333
Fair value of plan assets at end of year	292,519	312,407
Net defined benefit liability at end of year	¥ (78,073)	¥ (45,898)

Components of net periodic pension costs

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2016 and 2015 included the following components:

	Millions of Yen	
	2016	**2015**
Service cost – benefits earned during the period	¥ 10,164	¥ 10,384
Net interest expense	101	510
Others	154	(21)
Net periodic pension costs	10,419	10,873

Assumptions

The weighted-average assumptions used to determine the companies' defined benefit obligations as of March 31, 2016 and 2015 are set forth as follows:

	2016	**2015**
Discount rate	0.8%	1.3%
Rate of increase in future compensation levels	1.0%	1.1%

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, 2016
50 basis point decrease in discount rate	¥26,899 million increase
50 basis point increase in discount rate	¥23,765 million decrease

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, 2016 and 2015 by asset class are set forth as follows:

	Millions of Yen					
	2016			2015		
	Quoted market price in an active market			Quoted market price in an active market		
Asset Class	Available	Not available	TOTAL	Available	Not available	TOTAL
Equity Financial Instruments (Japan)	¥ 67,579	¥ 45,920	¥ 113,499	¥ 81,516	¥ 38,718	¥ 120,234
Equity Financial Instruments (Non-Japan)	5,654	28,475	34,129	6,530	35,431	41,961
Debt securities (Japan)	1,086	31,690	32,776	923	34,311	35,234
Debt securities (Non-Japan)	7,100	50,032	57,132	7,280	51,708	58,988
Life insurance company general accounts	167	32,559	32,726	–	32,306	32,306
Cash and deposits	21,942	–	21,942	23,360	–	23,360
Other	–	315	315	–	324	324
Total	¥ 103,528	¥ 188,991	¥ 292,519	¥ 119,609	¥ 192,798	¥ 312,407

The 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 ¥11,378 million to their defined benefit pension plans for the year ending March 31, 2017. 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, 2016 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 is 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 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, 2015 and 2014 was as follows:

	Millions of Yen	
	2015	**2014**
Plan assets, net of current payables..............................	¥ 57,696	¥ 53,958
Actuarial reserve under pension actuarial valuation....	53,853	50,935

The amount contributed to MGPF by the subsidiaries constituted a significant portion of the total contribution and included surcharge. MGPF was converted into a defined benefit corporate pension fund with approval from the Ministry of Health, Labour and Welfare of the Japanese Government in April, 2015.

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.

20. EQUITY

(1) Common stock

The number of shares authorized and issued for the years ended March 31, 2016 and 2015 was as follows:

	Number of shares	
	2016	**2015**
Authorized:		
Common stock – no par value...	2,500,000,000	2,500,000,000
Issued:		
Balance at beginning of year..	1,796,514,127	1,829,153,527
Increase (decrease) during the year.......................................	–	(32,639,400)
Balance at end of year..	1,796,514,127	1,796,514,127

The number of treasury stock as of March 31, 2016 and 2015 included in the number of shares issued shown above was 4,004,857 and 3,995,027 shares, respectively.
For the year ended March 31, 2015, the number of shares issued was decreased by 32,639,400 shares 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.

(2) Capital surplus and retained earnings

Capital surplus mainly consist of additional paid-in capital. There were no material changes in capital surplus for the years ended March 31, 2016 and 2015.

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 ¥790,767 million if it were to be calculated at March 31, 2016.

(3) Other components of equity

Changes in other components of equity for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Financial Assets Measured at FVTOCI:		
Balance at beginning of year	¥ 318,810	¥ 369,267
Increase (decrease) during the year	(230,350)	(11,626)
Transfer to retained earnings	(8,033)	(38,831)
Balance at end of year	¥ 80,427	¥ 318,810
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of year	¥ –	¥ –
Increase (decrease) during the year	(33,531)	15,200
Transfer to retained earnings	33,531	(15,200)
Balance at end of year	¥ –	¥ –
Foreign Currency Translation Adjustments:		
Balance at beginning of year	¥ 538,728	¥ 413,931
Increase (decrease) during the year	(258,870)	124,797
Balance at end of year	¥ 279,858	¥ 538,728
Cash Flow Hedges:		
Balance at beginning of year	¥ (42,975)	¥ (16,567)
Increase (decrease) during the year	645	(26,408)
Balance at end of year	¥ (42,330)	¥ (42,975)
Total:		
Balance at beginning of year	¥ 814,563	¥ 766,631
Increase (decrease) during the year	(522,106)	101,963
Transfer to retained earnings	25,498	(54,031)
Balance at end of year	¥ 317,955	¥ 814,563

(4) Income tax relating to other comprehensive income

Income tax included in each component of other comprehensive income for the years ended March 31, 2016 and 2015 was as follows:

	Millions of Yen	
	2016	2015
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI.	¥ 80,146	¥ 46,408
Remeasurements of defined benefit pension plans	326	(5,877)
Share of other comprehensive income of investments accounted for using the equity method	844	1,514
Total	¥ 81,316	¥ 42,045
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	¥ (30,364)	¥ 21,666
Cash flow hedges	1,175	3,051
Share of other comprehensive income of investments accounted for using the equity method	23,699	(4,543)
Total	¥ (5,490)	¥ 20,174

(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, 2016 and 2015 was as follows:

	Millions of Yen	
	2016	2015
Financial assets measured at FVTOCI	¥ (4,822)	¥ (1,231)
Remeasurements of defined benefit pension plans	(140)	(68)
Foreign currency translation adjustments	(15,986)	13,448
Cash flow hedges	(159)	106
Total	¥ (21,107)	¥ 12,255

21. 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, 2016 and 2015:

	2016			2015		
	Profit (Loss) (numerator)	Shares (denominator)	Per share amount	Profit (Loss) (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:	¥ (83,410)	¥ 1,792,514	¥ (46.53)	¥ 306,490	¥ 1,792,516	¥ 170.98
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies…	(8)	–		(15)	–	
Stock options	–	–		–	257	
Diluted earnings per share attributable to owners of the parent:	¥ (83,418)	¥ 1,792,514	¥ (46.54)	¥ 306,475	¥ 1,792,773	¥ 170.95

Note: Diluted earnings per share does not include stock options due to the anti-dilutive effect caused by the loss during the year ended March 31, 2016.

22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2016 and 2015 consisted of the following:

	Millions of Yen			
	2016		2015	
Personnel expenses	¥	287,232	¥	295,471
Welfare expenses		15,038		14,720
Communication expenses		48,525		48,814
Traveling expenses		32,941		34,510
Provision for doubtful receivables		9,916		17,041
Other		172,362		174,052
Total	¥	566,014	¥	584,608

Remunerations of the Company's Directors and Corporate Auditors for the years ended March 31, 2016 and 2015 were ¥1,043 million and ¥1,370 million respectively.

23. INCOME TAXES

Income Taxes in the consolidated statements of income for the year ended March 31, 2015 includes the gain on the change in the balance of the deferred tax assets and liabilities-net of ¥20,079 million recorded to reflect the decrease in normal effective statutory tax rates to approximately 32% based on the new laws which were enacted on March 31, 2015. According to the new laws, the normal effective statutory tax rate is reduced to approximately 33% in the fiscal year beginning on April 1, 2015, and to approximately 32% in fiscal years beginning on or after April 1, 2016. However, the Company used the 32% to measure the deferred tax assets and liabilities as the effect of the decrease in the normal effective statutory tax rate is insignificant.

Income Taxes in the consolidated statements of income for the year ended March 31, 2016 includes the gain on the change in the balance of the deferred tax assets and liabilities-net of ¥4,797 million recorded to reflect the decrease in normal effective statutory tax rates to approximately 31% based on the new laws which were enacted on March 29, 2016.

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, 2016 and 2015 was summarized as follows:

	%	
	2016	2015
Applicable income tax rate in Japan	32.0%	36.0%
Increases (decreases) in tax rate resulting from:		
Expenses not deductible for tax purposes and income not taxable-net	(9.3)	2.5
Differences of tax rates to certain taxable income	(6.4)	(2.1)
Changes in tax rate	(33.9)	(5.8)
Tax effects on dividends	(42.8)	(12.0)
Changes in assessment for recoverability of deferred tax assets	150.1	5.1
Higher tax rates for resource related taxes	75.6	9.1
Tax effects on investments accounted for using the equity method	205.7	(7.4)
Other	4.0	(1.1)
Effective income tax rate	375.0%	24.3%

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	2015
Deferred Tax Assets:		
Retirement benefit liabilities	¥ 9,513	¥ 9,205
Estimated losses	15,629	13,955
Fixed assets	82,373	68,074
Loss carryforwards	63,721	69,641
Foreign currency translation	32,293	64,262
Derivatives	12,381	19,712
Other	6,371	5,142
Total deferred tax assets	222,281	249,991
Deferred Tax Liabilities:		
Fixed assets	176,506	164,453
Investments	155,116	242,595
Undistributed earnings	165,030	176,109
Foreign currency translation	38,706	64,252
Other	4,387	5,977
Total deferred tax liabilities	¥ 539,745	¥ 653,386

Deferred tax assets recognized by taxable entities that have suffered a loss in either the current or preceding period were ¥49,319 million and ¥46,212 million, as of March 31, 2016 and 2015, respectively. Mainly based on the resource prices, reserve estimation by external institutions and the estimation in consideration of the long-term sales agreement, the companies recognize deferred tax assets within a sufficient taxable income during the expiry period of net operating loss carried forward for each country.

The unused tax loss carryforwards and deductible temporary differences for which deferred tax assets were not recognized were ¥1,581,890 million and ¥1,378,241 million as of March 31, 2016 and 2015, respectively.

Taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized were ¥1,618,510 million and ¥1,910,478 million as of March 31, 2016 and 2015, 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, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	2015
Retirement benefit liabilities	¥ 58	¥ (171)
Estimated losses	(4,691)	(188)
Fixed assets	3,004	(13,255)
Loss carryforwards	(5,777)	29,211
Investments	(1,499)	33
Undistributed earnings	10,326	32,670
Fixed assets related to the Australian Mineral Resource Rent Tax Act 2012	–	(11,938)
Other	928	2,711
Total	¥ 2,349	¥ 39,073

The unused tax loss carryforwards for which no deferred tax assets have been recognized as of March 31, 2016 and 2015 were ¥583,623 million and ¥507,670 million respectively. If not utilized, such loss carryforwards will expire as follows:

	Millions of Yen	
	2016	2015
Within 5 years	¥ 49,166	¥ 41,667
After 5 to 10 years	247,549	212,005
After 10 to 15 years	–	2
After 15 years	286,908	253,996
Total	¥ 583,623	¥ 507,670

Income tax expenses in the consolidated statements of income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	2015
Current	¥ (93,592)	¥ (143,976)
Deferred	¥ 2,349	¥ 39,073
Total	¥ (91,243)	¥ (104,903)

Deferred tax expenses or income arising from the write-down and reversal of a previous write-down of deferred tax assets for loss carryforwards and temporary differences of the companies where it is probable that a tax benefit or expense will not be realized were immaterial for the years ended March 31, 2016 and 2015.

24. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

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

Level 3:
Unobservable inputs for the asset or liability.

(1) Valuation techniques

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

Other Investments

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded Other investments are measured using quoted market prices and classified as level 1.
- Non-marketable Other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. The degree to which these inputs are observable in the relevant markets determines whether the investment is classified as level 2 or 3.

Derivative Instruments

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

Inventories

- Inventories acquired with the purpose of being sold in the near future and generating 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, 2016 and 2015 were immaterial.

(2) Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate personnel. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All of the valuations, including those performed by the external experts, are reviewed and approved by appropriate personnel.

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

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2016 and 2015 were as follows. No assets or liabilities were transferred between level 1 and 2 for the years ended March 31, 2016 and 2015.

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

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

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

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

The reconciliation of financial assets measured at FVTOCI for the years ended March 31, 2016 and 2015 was as follows:

	Millions of Yen	
	2016	2015
Balance at beginning of year	¥ 850,880	¥ 990,593
Other comprehensive income (Note 1)	(256,311)	(191,164)
Purchases	22,149	19,497
Sales	(12,692)	(33,916)
Transfers into Level 3	–	–
Transfers out of Level 3	–	(41,280)
Others (Note 2)	(43,015)	107,150
Balance at end of year	¥ 561,011	¥ 850,880

Note 1: For “Other comprehensive income” for the years ended March 31, 2016 and 2015, fair value in investments in LNG projects declined reflecting the drop in oil prices.
Note 2: “Others” includes the effect of changes in foreign exchange rates and in scope of consolidation.

Other comprehensive income related to financial assets measured at FVTOCI was included in “Financial assets measured at FVTOCI” in the Consolidated Statements of Comprehensive Income. “Transfers out of Level 3” was due to the fact that the securities of investees began to be publicly traded for the years ended March 31, 2015.

The reconciliation of financial assets measured at FVTPL for the years ended March 31, 2016 and 2015 was as follows:

	Millions of Yen	
	2016	2015
Balance at beginning of year	¥ 36,446	¥ 39,687
Gains (losses)	5,626	(1,702)
Purchases	36,247	18,456
Sales	(3,058)	(19,701)
Transfers into Level 3	–	–
Transfers out of Level 3	(10,221)	–
Others (Note1)	2,527	(294)
Balance at end of period	¥ 67,567	¥ 36,446
Net change in unrealized gains (losses) still held at end of year	¥ (1,702)	¥ (4,086)

Note 1: “Others” includes the effect of changes in foreign exchange rates and in scope of consolidation.

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

Quantitative information about level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of March 31, 2016 and 2015 were as follows:

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

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

Information about sensitivity to changes in significant unobservable inputs

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

25. CONTINGENT LIABILITIES

I. GUARANTEES

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

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of March 31, 2016 and 2015. The maximum potential amount of future payments represents the amount without consideration of possible recoveries under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.
The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, operating result, or cash flows of the companies is remote at March 31, 2016.

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

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

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of March 31, 2016 and 2015 will expire through 2033.

Guarantees for the investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for the investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of March 31, 2016 and 2015 will expire through 2019 and 2022, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of March 31, 2016 and 2015.

	Millions of Yen			
	2016		2015	
Within 1 year...	¥	294,292	¥	189,481
After 1 to 5 years...		481,755		522,605
After 5 years..		255,733		277,243
Total	¥	1,031,780	¥	989,329

II. LITIGATION

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

26. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the consolidated statements of cash flows for the years ended March 31, 2016 and 2015 were as follows:

	Millions of Yen	
	2016	**2015**
Non-cash investing and financing activities:		
Investment in kind to equity accounted investees	11,354	32,195
Acquisition of assets related to finance leases	29,458	12,858
Acquisitions of subsidiaries or other businesses (Note 3):		
The total consideration paid	46,723	–
The portion of the consideration consisting of cash and cash equivalents	45,851	–
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)	48,856	–
Total liabilities in the subsidiaries or other businesses acquired	2,133	–

27. SUBSEQUENT EVENTS

Significant borrowing

On June 15, 2016, the Company procured ¥350 billion through a subordinated syndicated loan ("Syndicated Loan") from its main financial institutions.

(1) Objectives

Utilizing the Syndicate Loan, the Company aims to support the key initiatives of growth strategy in accelerating the enhancement of its earnings base, to balance financial stability and enhancement of capital efficiency, and to reinforce the flexibility of its financial strategy.

(2) Overview of Syndicated Loan

1) Financing Amount	¥350 billion
2) Arranger	Sumitomo Mitsui Banking Corporation
3) Contract Date	June 10, 2016
4) Drawdown Date	June 15, 2016
5) Maturity Date	June 15, 2076 The Syndicated Loan is callable on June 15, 2023 and each interest payment date thereafter at the discretion of the Company.
6) Interest Restriction	Optional deferral of interest payment is applicable at the discretion of the Company.
7) Subordination	If a subordinate event such as liquidation or bankruptcy occurs, the Syndicated Loan will be subordinated to all senior indebtedness of the Company.
8) Interest Rate	The interest rate will increase by 0.25% from June 15, 2026 to June 15, 2043 and additionally by 0.75% for subsequent periods from June 15, 2043.

Dividend

On June 21, 2016, the shareholders approved the payment of a cash dividend to shareholders as of March 31, 2016 of ¥32 per share or a total of ¥57,368 million at the Company's Ordinary General Meeting of Shareholders.

28. AUTHORIZATION OF THE ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The issue of the consolidated financial statements was authorized by Tatsuo Yasunaga, Representative Director, President and CEO, and Keigo Matsubara, Representative Director, Executive Managing Officer and CFO on June 21, 2016.

2. Others

Quarterly data for the year ended March 31, 2016

	Millions of Yen, Except Amounts per Share			
	Year ended March 31, 2016	Nine-month period ended December 31, 2015	Six-month period ended September 30, 2015	Three-month period ended June 30, 2015
Revenue	¥ 4,759,694	¥ 3,674,115	¥ 2,497,832	¥ 1,283,689
Profit before Income Taxes	24,329	261,341	225,030	152,765
Profit (Loss) for the Period (Year) Attributable to Owners of the Parent	(83,410)	134,438	130,641	96,937
Basic Earnings per Share Attributable to Owners of the Parent (Yen)	¥ (46.53)	¥ 75.00	¥ 72.88	¥ 54.08

	Three-month period ended March 31, 2016	Three-month period ended December 31, 2015	Three-month period ended September 30, 2015	Three-month period ended June 30, 2015
Basic Earnings per Share Attributable to Owners of the Parent (Yen)	¥ (121.53)	¥ 2.12	¥ 18.80	¥ 54.08

Litigation
See Note 25, “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, 2016 and the issuance date (June 21, 2016) of the original Japanese version of this Annual Securities Report.

(1) Annual Securities Report

Fiscal year (the 96th) From April 1, 2014 to March 31, 2015 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 19, 2015

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Confirmation Notes

(The 1st quarter of 97th period) (From April 1, 2015 to June 30, 2015) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 13, 2015

(The 2nd quarter of 97th period) (From July 1, 2015 to September 30, 2015) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2015

(The 3rd quarter of 97th period) (From October 1, 2015 to December 31, 2015) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 12, 2016

(3) Internal Control Report

Fiscal Year (the 96th) (From April 1, 2014 to March 31, 2015) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 19, 2015

(4) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 22, 2015
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 19, 2016
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.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 31, 2016
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 May 10, 2016
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 (an event which may have serious effects on the financial position, operating results and cash flow status), 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 19, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 22, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 13, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 19, 2016
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 12, 2016
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 31, 2016
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on May 10, 2016

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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, 2016, 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, 2016, 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 21, 2016

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

Tatsuo Yasunaga, Representative Director, President and CEO, and Keigo Matsubara, Representative Director, Executive Managing Officer 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, 2016. 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, 2016.

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 21, 2016

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: Yoshio Sato

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hidehito Goda

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Takashi Kitamura

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, 2016 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, 2015 to March 31, 2016, 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, 2016, 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, 2016.

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, 2016 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.