MITSUI & CO.

Notes to Financial Statements

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97th (Year ended March 31, 2016)

MITSUI & CO., LTD.

Notes to Consolidated Financial Statements (Year ended March 31, 2016)

Notes to Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

1. Subsidiaries and equity accounted investees

(1) Subsidiaries 275

Mitsui Oil Exploration Co., Ltd., Mitsui Iron Ore Development Pty. Ltd.,
Mitsui-Itochu Iron Pty. Ltd., Mitsui E&P Middle East B.V.,
Mitsui Iron Ore Corporation Pty. Ltd., and others

Mitsui & Co. LNG Investment Limited ("MITLI") was excluded from the scope of consolidation as a result of reduction in paid-in capital after investments held by MITLI had been transferred to Mitsui & Co., Ltd. (the "Company"), and the Company's plan to liquidate MITLI.

(2) Equity accounted investees (associated companies and joint ventures) 187

Japan Australia LNG (MIMI) Pty. Ltd., Valepar S.A., JA Mitsui Leasing, Ltd., and others

A total of 348 subsidiaries and equity accounted investees are excluded from the above. These include companies which are sub-consolidated or accounted for under the equity method by subsidiaries other than trading subsidiaries.

2. Summary of Significant Accounting Policies

(1) Basis of consolidated financial statements

The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards ("IFRSs"), in compliance with Article 120, paragraph 1 of the Ordinance on Company Accounting. In accordance with the provision of the paragraph, certain disclosures required on the basis of IFRSs have been omitted.

(2) Valuation basis and method for assets

① Valuation basis and method for financial assets

The Company and its subsidiaries (collectively, the "companies") apply IFRS 9 "Financial Instruments" (revised in November 2013).

Financial assets measured at amortized cost

Non-derivative financial assets that are debt instruments are initially measured at fair value 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. Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method. Impairment losses are measured by using the present value of expected future cash flows, discounted at the effective interest rate based on the original terms of the contract, or at fair value of the collateral if their value depends on the collateral and comparing the resulting value to the carrying value of the financial asset with the difference between recognized in profit (loss) for the year.

Financial assets which are measured at fair value through profit (loss) for the year ("FVTPL")

Equity financial instruments (except FVTOCI) and non-derivative financial assets that do not satisfy the requirements to be measured at amortized cost are initially measured at fair value. Subsequently, they are measured at their fair value, and gains and losses arising from changes in fair value are recognized in profit (loss) for the year.

Financial assets which are measured at fair value through other comprehensive income ("FVTOCI")

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 at initial recognition measure these instruments at fair value. Subsequently, they are measured at their fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income.

When financial assets measured at FVTOCI are derecognized, the accumulated other components of equity is directly reclassified to retained earnings without being recognized in profit (loss) for the year. Dividend income received on financial assets measured at FVTOCI is mainly recognized in profit (loss) for the year.

② Valuation basis and method for inventories

Inventories are measured at the lower of cost and net realizable value. The costs of inventory of items that are not ordinarily interchangeable are assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted average cost formula. Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value less costs to sell, and changes in fair value less costs to sell are recognized in profit (loss) for the year.

③ Valuation basis, method, depreciation and amortization for property, plant and equipment, investment property and intangible assets

Property, plant and equipment and investment property

Property, plant and equipment and investment property are stated at cost less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment and investment property is computed principally under the straight-line method. Mineral rights are primarily amortized using the unit-of-production method.

Intangible assets

Intangible assets with finite estimated useful lives are stated at cost less accumulated amortization and impairment losses.

Depreciation of intangible assets is computed principally under the straight-line method.

Goodwill and intangible assets with indefinite estimated useful lives are not amortized and are presented at cost less accumulated impairment losses.

Impairment of property, plant and equipment, investment property and intangible assets

Property, plant and equipment, investment property and intangible assets are assessed to determine whether there is any indication of impairment at respective reporting date. If any such indications exist, the recoverable amounts of these assets are estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. Where the carrying amount of an asset or a cash-generating unit 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. If any such indications exist, the recoverable amounts of these assets are estimated. A previously recognized impairment loss is reversed as income 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 recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed.

(3) 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.

(4) 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.

(5) 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.

(6) All transactions are accounted for net of national and/or regional consumption taxes.

(7) Changes in presentation

Certain changes in presentation have been made in the consolidated financial statements for the year ended March 31, 2016.

Notes to Changes in Accounting Estimates

The significant changes in accounting estimates in the Consolidated Financial Statements are as follows.

(Impairment Losses and Reversal of Impairment included in "Impairment reversal (loss) of fixed assets - net")

(Impairment Losses)

For the year ended March 31, 2016, Mitsui Coal Holdings Pty. Ltd, a subsidiary in the Mineral & Metal Resources Segment engaged in the exploration, development and production of coal in Australia, recognized an impairment loss of ¥38,135 million by reducing the carrying amount of a portion of mining equipment and mineral rights to the recoverable amount of ¥51,146 million. The impairment loss mainly related to a decline in the coal price.

In addition, MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas, United States, recognized an impairment loss of ¥19,445million by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥60,171 million. Furthermore, Mitsui E&P USA LLC, a subsidiary in the Energy Segment engaged in the shale gas development in Pennsylvania, United States, recognized an impairment loss of ¥18,179 million by reducing the carrying amount of the production equipment and others 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 amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

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

(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.

Notes to Consolidated Statements of Financial Position

1. Pledged assets and related liabilities

(1)	Assets pledged as collateral	¥ 436,964 million
	The following assets were pledged as collateral:	
	Trade and other receivables (current and non-current)	¥67,103 million
	Investments	¥322,305 million
	Property, plant and equipment (after deducting accumulated depreciation and impairment losses)	¥39,470 million

Other ¥8,086 million

(2) Liabilities related to the assets pledged as collateral ¥112,008 million

2. Allowance for doubtful receivables directly deducted from trade and other receivables

(current and non-current) ¥ 43,605 million
(current) ¥ 12,460 million
(non-current) ¥ 31,145 million

3. Accumulated depreciation and impairment losses of property, plant and equipment

¥1,892,722 million

4. Accumulated depreciation and impairment losses of investment property

¥40,637 million

5. Contingent liabilities

The table below summarizes the maximum potential amount of future payments of the companies' guarantees as of March 31, 2016

Financial Guarantees	¥931,637 million
Performance Guarantees	¥100,143 million

The maximum potential amounts of future payments of the companies' guarantees bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, or operating results of the companies is remote at March 31, 2016.

Notes to Consolidated Statements of Changes in Equity

1. Number of common stock issued as of March 31, 2016

1,796,514,127 shares

4,004,857 shares of the Company's treasury stock (including shares held by associated companies) are included in the number of common stock issued.

2. Dividends from capital surplus and/or retained earnings

(1) Amount of dividends paid

Resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 19, 2015	¥57,369	¥32	March 31, 2015	June 22, 2015
Board of Directors' meeting held on November 6, 2015	¥57,368	¥32	September 30, 2015	December 2, 2015

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year.

The following resolution on dividends on common stock has been proposed on the agenda of the ordinary general meeting of shareholders to be held on June 21, 2016.

① Total amount of dividends (Millions of yen) ¥57,368
② Dividends per share (Yen) ¥32
③ Record date March 31, 2016

④ Effective date June 22, 2016

The dividends will be paid from retained earnings.

3. The type and number of shares to be issued upon the exercise of stock acquisition rights as of March 31, 2016 (except for those shares whose first date of exercise period has not passed)

Not applicable.

Financial Instruments

1. General information

The companies' basic funding policy is to secure liquidity required for their smooth operations and to maintain the strength and soundness of the statement of financial position. In order to achieve their objectives, their principal strategy is to obtain long-term funds from financial institutions and through the issuance of corporate bonds. In addition, the companies hold sufficient cash and highly-liquid short-term financial instruments in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effect of the deteriorated financial market on future debt-service requirements.

Credit risk associated with notes and accounts receivable is managed through approvals of credit lines by management and monitoring counterparty's operations continuously.
Other investments mainly consisting of financial assets measured at FVTOCI, are measured at fair value on a quarterly basis.
The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business. In order to offset or reduce these risks, the companies use various derivative instruments.

The companies have strictly separated the trading sections from the sections that record the results and positions of derivative instruments. Executive officers in charge of risk management assess derivative instruments and the market risks surrounding these instruments, and establish the companies' risk management policy, based on comprehensive evaluation and analysis periodically reported from independent risk management sections.

2. Fair value of financial instruments

The following table presents the carrying amount and fair value of financial instruments included within the Consolidated Statement of Financial Position as of March 31, 2016. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts are approximately the same as its fair values reasonably.

(Unit: Millions of Yen)

	March 31, 2016		
	Carrying amount	Fair value	Difference
Financial Assets			
Non-current Assets			
Other investments	1,179,696	1,179,696	—
Trade and other receivables and other financial assets (*)	541,560	542,582	1,022
Financial Liabilities			
Non-current Liabilities			
Long-term debts, less current portion and other financial liabilities (*)	3,947,676	3,999,237	51,561

(*)The fair values of other financial assets and other financial liabilities approximate their respective carrying amounts. Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds.

Derivative assets and derivative liabilities are included in current and non-current Other financial assets and Other financial liabilities, respectively. These are measured at fair value and their carrying amounts are ¥243,747 million and ¥134,369 million, respectively.

(1) Other investments
Publicly-traded other investments are measured using quoted market prices. 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 carrying amount of the investments, included in Other investments, decreased by ¥215,931 million. The main reason is the fair value in investments in LNG projects declined reflecting the drop in oil prices for the year ended March 31, 2016.

(2) Non-current financial assets and liabilities
The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed 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.

(3) Other financial assets and liabilities
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. Exchange-traded derivative commodity instruments are measured using quoted market prices. Certain derivative commodity instruments are measured using the quoted prices obtained from the market, financial information providers, and brokers.

Notes to Investment Property

1. Status of investment property

The Company and certain subsidiaries own rental office buildings and rental commercial facilities in Tokyo and other areas.

2. Fair value of investment property

The carrying amount of investment property as of March 31, 2016 was ¥147,756 million and fair value of investment property was ¥198,194 million.

The carrying amount of investment property is measured at cost less any accumulated depreciation and accumulated impairment losses. The fair value of investment property as of March 31, 2016 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). The valuation is based on 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.

Per Share Information

Equity attributable to owners of the parent per share	¥1,885.47
Basic earnings per share attributable to owners of the parent	¥(46.53)
Diluted earnings per share attributable to owners of the parent(*)	¥(46.54)

(*)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.

Subsequent Events

On May 10, 2016, the Company announced that it plans to procure ¥350,000 million through subordinated syndicated loan from its main financial institutions. The maturity of the loan is 60 years and the prepayment will be enabled from 2023.

Notes to Non-Consolidated Financial Statements (Year ended March 31, 2016)

Significant Accounting Policies

1. Securities are classified and accounted for as follows:
   Trading securities, whose costs of sales are determined by the moving-average method, are stated at market value. Held-to-maturity debt securities are stated at amortized cost, determined by the straight-line method.
   Investments in subsidiaries and associated companies are stated at cost, determined by the moving-average method.
   Marketable available-for-sale securities, whose costs of sales are determined by the moving-average method, are reported at market value at year-end, with unrealized gains and losses reported in a separate component of equity.
   Non-marketable available-for-sale securities are stated at cost, determined by the moving-average method.
   Except for trading securities, those securities whose market value or equity in net assets is materially lower than carrying value on and around the balance sheet date are devaluated after determining whether the value could be recoverable.

2. Derivatives are stated at fair value.

3. Inventories are stated at cost. Cost is determined principally by the specific identification method and, for certain items, by the moving-average method or the first-in, first-out method. The balance sheet amount is calculated by reducing book value when the contribution of inventories to profitability declines.
   Inventories for trading purpose are stated at market value.

4. Depreciation of tangible fixed assets is computed using the declining-balance method. Depreciation of buildings (excluding equipment and fixtures) acquired on or after April 1, 1998, is computed using the straight-line method. The estimated useful lives for the majority of tangible fixed assets are as follows: Leased-out Property: 3-50 years; Buildings: 3-50 years; Tools, Furniture and Fixtures: 2-20 years.
   Depreciation of intangible fixed assets is computed using the straight-line method. Software for the Company's own use is amortized based on the straight-line method over the period it can be used (five years in principle).

   Leased assets are included in their fixed asset category and are depreciated using the straight-line method over the lease period.

5. To provide for possible losses on collection, the allowance for doubtful receivables that is set aside for receivables in general is computed using the actual ratio of bad debts. For certain receivables, the amount deemed unrecoverable is set aside in the allowance on an individual basis.

   The liability for retirement benefits is recorded based on projected benefit obligations and plan assets at the balance sheet date of the Corporate Pension Fund plan and other retirement benefit plans. Estimated retirement benefits are attributed to periods of service under the plan's benefit formula.Unrecognized prior service cost is amortized over seven years from the date of the revision of the pension plan, which is within the average remaining service period of employees. The unrecognized actuarial gain or loss that arose in the current year is amortized over seven years starting with the following fiscal year, which is within the average remaining service period of employees.
   The difference between projected benefit obligations, after deducting the portion corresponding to unrecognized actuarial gain or loss and unrecognized prior service cost, and plan assets is recorded as the liability for retirement benefits or long-term prepaid expense in the balance sheet.

To provide for contingent losses on the obligation for guarantees and commitments to subsidiaries and others, certain amount is set aside as deemed necessary, considering the financial condition of the primary obligor.

6. Receivables and Payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates on the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement.

7. For derivatives which meet hedge accounting criteria, except for available-for-sale securities, gains or losses on derivatives are deferred until realization of the hedged items. For derivatives which meet hedge accounting criteria for available-for-sale securities, fair value hedge accounting is applied. Foreign currency forward exchange contracts to hedge monetary assets and liabilities denominated in foreign currencies are stated at fair value and accounted for under the principle method of the Accounting Standards for Financial Instruments. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value, but the differential paid or received under the swap agreements is recognized on an accrual basis and included in interest expense or income.

   The Company enters into derivative financial instrument transactions such as foreign exchange forward contracts and foreign currency borrowings to hedge foreign exchange risk associated with monetary assets and liabilities denominated in foreign currencies, net investments in foreign operations and forward contracts of trade. The Company also enters into derivative financial instrument transactions such as interest rate swap to hedge interest rate risk in the course of business activities. As for market risk, the Company enters into derivative financial instrument transactions such as commodity future, forward to hedge market risk of commodities and trading contracts.

   Apart from trading transaction risks, market volatility risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business are hedged using derivative financial instruments and foreign currency borrowings, considering the specific risk characteristics based on internal risk control policies.

   The effectiveness between the hedging instruments and the hedged items is evaluated considering individual transaction characteristics.

8. All transactions are accounted for net of national and/or regional consumption taxes.
   The consolidated taxation system has been applied.

Change in Presentation

As of the year ended March 31, 2016, "Investments in subsidiaries and associated companies" and "Ownership in subsidiaries and associated companies", which were included in "Investments and other assets", are integrated as "Investments and Ownership in subsidiaries and associated companies" due to the similarities of the nature.

The amount of "Investments in subsidiaries and associated companies" and "Ownership in subsidiaries and associated companies" as of previous year ended March 31, 2015, were ¥2,027,099 million and ¥335,492 million, respectively.

Notes to Balance Sheets

1. Pledged assets and related liabilities

(Unit: Millions of Yen)

Assets pledged as collateral		Details		
Type	Book Value at End of Period	For Long-Term Borrowings (See Note 1)	As Security for Trading Contracts	For Guarantees
Accounts receivable, trade	¥ 253	¥ 253	—	—
Investments in Securities, Investments and ownership in subsidiaries and associated companies	¥ 67,049	—	¥ 7,720	¥59,329
Long-term loans receivable	¥ 9,224	—	—	¥ 9,224
Total	¥76,526	¥ 253	¥ 7,720	¥68,553

Note 1: Corresponds to the long-term borrowings secured of ¥86 million.

Note 2: In addition to the above, bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, immediately to provide collateral, which is not specified in the loan agreements, were ¥199,724 million.

2. Monetary assets held as collateral from others, for which the Company has free disposal rights:

¥4,179 million

3. Accumulated depreciation of tangible assets:

¥35,649 million

4. Contingent liabilities

(1) Guarantees

(Unit: Millions of Yen)

The guaranteed	Amount of guarantee (Note 1)
1. Guarantees related to trading partner bank borrowings, trade payables and other	
Mitsui & Co. Cameron LNG Sales, Inc.	¥ 703,573
Oriente Copper Netherlands B.V.	205,135
Lepta Shipping Co., Ltd.	95,682
Mitsui E&P Italia A S.r.l	81,642
MEPAU A Pty Ltd	81,024
Energia Sustentavel do Brasil S.A.	72,782
Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd.	64,282
Mitsui & Co. Energy Trading Singapore Pte. Ltd.	61,154
Mitsui E&P USA LLC	57,370
OMC Shipping Pte. Ltd.	56,189
Other-261 companies	1,276,889
Sub-total (See Note 2)	2,755,729
2. Guarantees related to bank borrowings of overseas trading subsidiaries	
Mitsui & Co. (Middle East) B.S.C.(c)	352,957
Mitsui & Co. Norway AS.	16,623
Other-6 overseas trading subsidiaries	14,735
Sub-total	384,317
Grand total	¥ 3,140,046

Note 1: For joint guarantee agreements with two or more guarantors or guarantee agreements with re-guarantees by other companies, the amounts presented above only include the portion which the Company bears under such agreements.

Note 2: Pledged investments and other letters similar to guarantees amounting to ¥69,394 million are included.

Note 3: Presented above are subsidiaries and associated companies whose guarantee fee amounts and their payment conditions have been determined individually considering their business substance.

(2) Notes receivable discounted amount to ¥82,683 million

Export bills of exchange under letters of credit, discounted at intermediary banks but not yet paid by the banks extending the letters of credit, of ¥80,329 million are included in notes receivable discounted.

5. Receivables from and payables to subsidiaries and associated companies:

Short-term receivables: ¥537,437 million Long-term receivables: ¥271,868 million
Short-term payables: ¥113,215 million Long-term payables: ¥1,257 million

Notes to Statements of Income

1. Transactions with subsidiaries and associated companies:
   Sales: ¥1,024,634 million
   Purchases: ¥690,773 million
   Other non-operating transactions ¥526,300 million

2. Gain on sales of investments in securities and subsidiaries and associated companies
   The amount of "Gain on sales of investments in securities and subsidiaries and associated companies" includes gain on stock exchange of ¥9,307 million with regard to investments in securities.

3. Loss on write-down of investments in securities and subsidiaries and associated companies
   "Loss on write-down of investments in securities and subsidiaries and associated companies" of ¥141,018 million for the year ended March 31, 2016 mainly consists of below.
   Copper business in Chile: ¥42,777 million
   Origination and merchandising of grain products in Brazil: ¥27,524 million
   Shale oil and gas business in the U.S.: ¥26,243 million
   LNG business in Mozambique: ¥19,687 million

Note to Statements of Changes in Equity

Number of treasury stock as of March 31, 2016
Common stock 3,755,527 shares

Tax-Effect Accounting

The principal items, which comprise deferred tax assets and deferred tax liabilities, were as follows:

(Unit: Millions of Yen)

Deferred tax assets	
Allowance for doubtful receivables	¥ 33,002
Allowances for the obligation for guarantees and commitments (Note)	55,145
Impairment loss of investments in securities, subsidiaries and associated companies	134,708
Impairment loss of fixed assets	5,760
Accrued bonuses	6,187
Pension and severance costs	8,067
Deferred losses on derivatives under hedge accounting	45,274
Loss carryforwards	83,331
Others	12,341
Subtotal deferred tax assets	383,815
Valuation allowance	(383,815)
Total deferred tax assets	—
Deferred tax liabilities	
Net unrealized gains on available-for-sale securities	61,914
Others	569
Total deferred tax liabilities	62,483
Net deferred tax liabilities	¥ 62,483

Note : This item was included in "Allowance for doubtful receivables" for the previous fiscal year. For the current fiscal year, it is stated separately due to the increase in materiality.

Transactions with Related Parties

Company Name:	Mitsui & Co. Financial Services Ltd.
Relationship:	Subsidiary
Ownership of Voting Shares:	100% direct ownership
Relationship with Related Parties:	Dispatching directors and providing finance
Transaction Content:	Loans
Transaction Amount:	¥2,590,627 million
Amounts as of the current fiscal year-end:	Short-term loans receivable ¥173,776 million, Long-term loans receivable ¥112,395 million
Transaction Conditions and Transaction Policy:	Financing condition is determined considering market interest rates, with repayment terms of short-term loans receivable set at approximately one month or less.

Company Name:	Mitsui & Co. LNG Investment Limited
Relationship:	Subsidiary
Ownership of Voting Shares:	100% direct ownership
Relationship with Related Parties:	Dispatching directors
Transaction Content:	Acquiring securities and Capital reduction
Transaction Amount:	Acquiring securities ¥145,425 million, Capital reduction ¥107,523 million
Transaction Conditions and Transaction Policy:	The sales price of securities is determined by the fair value based on third party valuations. Transaction conditions for the entire amount of Capital reduction are determined in the assumption of liquidation of this company.

Company Name:	Mitsui Gas e Energia do Brasil Ltda
Relationship:	Subsidiary
Ownership of Voting Shares:	99.999% direct ownership, 0.001% indirect ownership
Relationship with Related Parties:	Dispatching directors
Transaction Content:	Acquiring new shares
Transaction Amount:	¥71,935 million
Transaction Conditions and Transaction Policy:	Acquiring new shares is taken in cash of ¥61,598 million, considering the price of partial acquisition of shares in Petrobras Gás S.A., which has equity stakes in local gas distribution companies in 19 Brazilian states. In addition, the stocks of Bahia Participações Ltda. are contributed as the investments in kind for the efficient management of gas distribution business in Brazil.

Company Name:	MBK USA HOLDINGS, INC.
Relationship:	Subsidiary
Ownership of Voting Shares:	100% direct ownership
Relationship with Related Parties:	Dispatching directors
Transaction Content:	Acquiring new shares
Transaction Amount:	¥83,280 million
Transaction Conditions and Transaction Policy:	The stocks of MBK Commercial Vehicles Inc., ¥59,251 million, are contributed as the investment in kind for the

efficient management of the stocks of subsidiaries in the United States.
Acquiring new shares is determined considering the demands for finance in subsidiaries of this company.

For the year ended March 31 2016, allowances for the obligation for guarantees and commitments to the subsidiaries and affiliates, which mainly belong to Mineral & Metal Resources Segment and Machinery & Infrastructure Segment, were ¥174,713 million and ¥3,172 million respectively. In addition, provisions for the obligation for guarantees and commitments were ¥153,304 and ¥1,964 million respectively.

Per Share Information

Equity per Share	¥868.00
Basic earnings per Share	¥(30.18)

Note : As earnings per share is negative and stock options have the anti-dilutive effect, the Company does not calculate diluted earnings per share during the year ended March 31, 2016.

Subsequent Events

On May 10, 2016, the Company announced that it plans to procure ¥350,000 million through subordinated syndicated loan from its main financial institutions. The maturity of the loan is 60 years and the prepayment will be enabled from 2023.