Mitsubishi Corporation

Financial Section of Integrated Report 2016

For the year ended March 31, 2016

OUR VISION

MITSUBISHI CORPORATION
MIDTERM CORPORATE STRATEGY 2018

ANNUAL FINANCIAL REPORT <FOR THE YEAR ENDED MARCH 2016>

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Forward-Looking Statements

This financial section of Mitsubishi Corporation's Integrated Report for the year ended March 2016 contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which Mitsubishi Corporation operates and beliefs and assumptions made by management. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, they may cause actual results to differ materially from those projected.

Mitsubishi Corporation, therefore, wishes to caution readers not to place undue reliance on forward-looking statements. Furthermore, the company undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

Risks, uncertainties and assumptions mentioned above include, but are not limited to, commodity prices; exchange rates and economic conditions; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources.

Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Results of Operations

1) Operating Results

In the year ended March 2016, the U.S. economy continued to experience a solid recovery, driven by consumer spending. In Europe, there were continuing signs of an upturn in overall economic conditions. Meanwhile, certain emerging nations experienced a slowdown in economic growth. In addition, international financial markets experienced turbulence and international commodity markets continued to fall, due to factors such as increasing uncertainty about the Chinese economy and an interest rate hike in the U.S. Economic growth in Japan was sluggish due to lackluster external demand, although internal demand showed signs of recovery.

Under such circumstances, revenues for the year ended March 2016 decreased ¥743.9 billion, or 10%, to ¥6,925.6 billion, mainly due to the decline in oil prices.

Gross profit decreased ¥111.0 billion, or 9%, to ¥1,098.9 billion, mainly due to lower earnings on transactions stemming from a downturn in resource-related market prices.

Selling, general and administrative expenses remained nearly flat, at ¥1,016.0 billion.

Finance income decreased ¥81.8 billion, or 40%, to ¥123.1 billion due to lower dividend income from resource-related business investees.

Share of profit (loss) of investments accounted for using the equity method decreased ¥379.2 billion to a loss of ¥175.4 billion. Factors behind this decline included lower equity method earnings due to a downturn in resource-related market prices and impairment losses on resource-related assets.

As a result, profit before tax decreased ¥667.5 billion to a loss of ¥92.8 billion.

Accordingly, profit attributable to owners of Parent for the year ended March 2016 decreased ¥550.0 billion to a loss of ¥149.4 billion.

Year Ended March 2016 vs. Year Ended March 2015

1) Total Revenues
Revenues in the year ended March 2016 were ¥6,925.6 billion, a decrease of ¥743.9 billion, or 10%, year over year.
Revenues from the sale of goods decreased ¥647.9 billion, or 10%, to ¥5,950.1 billion. Revenues from the rendering of services and others decreased ¥96.0 billion, or 9%, to ¥975.5 billion.

The main reasons for changes (by segment) were as follows:

- The Energy Business Group revenues decreased by ¥447.7 billion, or 25%, to ¥1,368.5 billion, mainly due to the impact of the falling crude oil prices.
- The Chemicals Group revenues decreased by ¥160.2 billion, or 11%, to ¥1,302.1 billion, mainly due to the impact of the falling sales prices.
- The Metals Group revenues decreased by ¥151.9 billion, or 18%, to ¥700.9 billion, mainly due to the impact of the falling sales prices.

2) Gross Profit
Gross profit decreased ¥111.0 billion, or 9%, to ¥1,098.9 billion, mainly due to lower earnings on transactions stemming from a downturn in resource-related market prices.

3) Selling, General and Administrative Expenses
Selling, general and administrative expenses remained nearly flat from the previous fiscal year, at ¥1,016.0 billion.

4) Gains on investments
We recorded gains on investments of ¥46.3 billion, mostly the same as in the previous fiscal year.

5) Gains on disposal of property, plant and equipment
We recorded gains on sale and disposal of property, plant and equipment of ¥21.4 billion, mostly the same as in the previous fiscal year.

6) Impairment losses on property, plant and equipment and others
We recorded impairment losses on property, plant and equipment and others of ¥102.5 billion, a decrease of ¥12.7 billion, or 11%, from the previous fiscal year. This mainly reflected the rebound of the impairment losses in the gas and oil development business in Oceania, North America and Europe in the year ended March 2015.

7) Other income (expense)—net
We recorded net other expenses of ¥37.8 billion, an improvement of ¥7.6 billion, or 17%, year over year mainly due to an improvement in derivative gains and losses.

8) Finance income
Finance income decreased ¥81.8 billion, or 40%, year over year to ¥123.1 billion, mainly due to lower dividend income from resource-related investees.

9) Finance costs
Finance costs increased ¥4.8 billion, or 10%, year over year to ¥50.9 billion, mainly due to higher interest expenses.

10) Share of profit (loss) of investments accounted for using the equity method
Share of profit (loss) of investments accounted for using the equity method decreased ¥379.2 billion to a loss of ¥175.4 billion, mainly due to a decrease in equity method earnings reflecting a downturn in resource-related market prices and impairment losses on resource-related assets.

11) Profit (loss) before tax
Profit (loss) before tax decreased ¥667.5 billion to a loss of ¥92.8 billion, for the above reasons.

12) Income taxes
Income taxes decreased by ¥128.5 billion, or 76%, year over year to ¥39.8 billion, in line with the decrease in profit before tax.

13) Profit (loss) for the year attributable to non-controlling interest
Profit (loss) for the year attributable to non-controlling interest was ¥16.7 billion, up ¥10.9 billion, or 188%, year over year.

14) Profit (loss) for the year attributable to owners of the Parent
As a result of the above, profit (loss) for the year attributable to owners of the Parent decreased by ¥550.0 billion to a loss of ¥149.4 billion.

2. Year Ended March 2016 Segment Information

Operating Segments
(Profit for the year, as used hereinafter, refers to "Profit for the year attributable to owners of the Parent")

1) Global Environmental & Infrastructure Business Group
The Global Environmental & Infrastructure Business Group conducts infrastructure projects, related trading operations and other activities in power generation, water, transportation and other infrastructure fields that serve as a foundation for industry.

In the year ended March 2016, segment revenues increased by ¥17.8 billion, or 45%, to ¥57.0 billion.

Gross profit increased by ¥4.5 billion, or 14%, to ¥36.1 billion. This increase was mainly due to higher earnings on transactions in infrastructure-related businesses and overseas power generation businesses.

Share of profit (loss) of investments accounted for using the equity method increased by ¥0.6 billion, or 2%, to ¥29.5 billion.

The segment recorded profit for the year of ¥32.5 billion, an increase of ¥12.1 billion, or 59%, year over year. In addition to the reasons above, this result reflected factors such as a reversal of provision for loss on guarantees in connection with a North Sea oil field project of US$ 127 million (¥15.3 billion) reported in other income (expense)-net due to the decision that refund would be paid to the guarantors.

2) Industrial Finance, Logistics & Development Group
The Industrial Finance, Logistics & Development Group is developing shosha-type industrial finance business. These businesses range from asset management, infrastructure investment, and buyout investment to leasing, real estate development and logistics services.

In the year ended March 2016, segment revenues decreased by ¥76.0 billion, or 33%, to ¥154.2 billion.

Gross profit decreased by ¥13.9 billion, or 18%, to ¥61.8 billion. This lower gross profit mainly reflected a rebound of the sale of a logistics warehouse in the year ended March 2015, as well as lower revenues in the leasing business.

Share of profit (loss) of investments accounted for using the equity method decreased by ¥15.6 billion, or 47%, to ¥17.5 billion, reflecting mainly lower equity method earnings in the fund investment business.

For the above reasons, the segment recorded profit for the year of ¥40.3 billion, an increase of ¥0.2 billion year over year.

3) Energy Business Group
The Energy Business Group conducts a number of activities including oil and gas exploration, development and production (E&P) business; investment in natural gas liquefaction projects; trading of crude oil, petroleum products, carbon materials and products, liquefied natural gas (LNG), and liquefied petroleum gas (LPG); and planning and development of new energy business.

In the year ended March 2016, segment revenues decreased by ¥447.7 billion, or 25%, to ¥1,368.5 billion.

Gross profit decreased by ¥23.8 billion, or 40%, to ¥35.4 billion. This decrease mainly reflected lower earnings on transactions due to market prices.

Share of profit (loss) of investments accounted for using the equity method decreased by ¥75.6 billion to a loss of ¥4.0 billion, reflecting mainly impairment losses on resource-related assets and lower equity method earnings due to lower market prices.

However, the segment recorded a loss for the year of ¥9.8 billion, a decrease of ¥92.1 billion year over year. In addition to the reasons above, this result reflected factors such as a decline in dividend income from resource-related business investees due to lower market prices.

4) Metals Group
The Metals Group trades, develops business and invests in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as coking coal and iron ore, and non-ferrous raw materials and products such as copper and aluminum.

In the year ended March 2016, segment revenues decreased by ¥151.9 billion, or 18%, to ¥700.9 billion.

Gross profit decreased by ¥60.2 billion, or 30%, to ¥139.1 billion. This decrease mainly reflected lower earnings on transactions due to lower market prices.

Share of profit (loss) of investments accounted for using the equity method decreased by ¥281.6 billion to a loss of ¥278.9 billion, reflecting mainly impairment losses on the Chilean copper business.

The segment recorded a loss for the year of ¥360.7 billion, a decrease of ¥374.6 billion year over year. In addition to the reasons above, this result reflected factors such as impairment losses on resource-related assets.

5) Machinery Group
The Machinery Group handles sales, finance and logistics across many different sectors, in which it also invests. These fields include machine tools, agricultural machinery, construction machinery, mining machinery, elevators, escalators, ships, aerospace-related equipment and motor vehicles.

In the year ended March 2016, segment revenues decreased by ¥29.1 billion, or 4%, to ¥777.6 billion.

Gross profit increased by ¥0.7 billion to ¥198.0 billion.

Share of profit (loss) of investments accounted for using the equity method decreased by ¥7.1 billion, or 22%, to ¥25.1 billion, reflecting mainly a decrease in equity method earnings from Asian automobile operations.

The segment recorded profit for the year of ¥62.2 billion, a decrease of ¥29.1 billion, or 32%, year over year. In addition to the reasons above, this decrease reflected factors such as a slowdown of automobile operations in Asian and one-off losses associated with the ship business.

6) Chemicals Group
The Chemicals Group trades chemical products in a broad range of fields, in which it also develops business and invests. These fields extend from basic materials such as ethylene, methanol, and salt produced from crude oil, natural gas, minerals, plants, marine resources and so forth, to midstream and downstream products such as plastics, electronic materials, food ingredients, fertilizer and fine chemicals.

In the year ended March 2016, segment revenues were ¥1,302.1 billion, a decrease of ¥160.2 billion, or 11%, from the previous fiscal year.

Gross profit increased by ¥1.7 billion, or 2%, to ¥112.6 billion. This was mainly due to higher earnings on transactions related to plastics and the food science business.

Share of profit (loss) of investments accounted for using the equity method decreased by ¥3.4 billion, or 18%, to ¥15.4 billion, reflecting mainly higher equity method earnings in the fertilizer-related business.

As a result of the above, the segment recorded profit for the year of ¥30.5 billion, a decrease of ¥0.9 billion, or 3%, year over year.

7) Living Essentials Group

The Living Essentials Group provides products and services, develops businesses and invests in various fields closely linked with people's lives, including food products and food, textiles, essential supplies, healthcare, distribution and retail. These fields extend from the procurement of raw materials to the consumer market.

In the year ended March 2016, segment revenues increased by ¥114.2 billion, or 5%, to ¥2,562.8 billion.

Gross profit decreased by ¥20.4 billion, or 4%, to ¥505.0 billion. This was mainly due to the partial sale of a food-service related subsidiary.

Share of profit (loss) of investments accounted for using the equity method decreased by ¥0.4 billion, or 2%, to ¥20.2 billion.

The segment recorded profit for the year of ¥73.5 billion, a decrease of ¥47.0 billion, or 39%, year over year. In addition to the reasons above, this result reflected the rebound of a reversal of impairment losses in the previous fiscal year.

Geographic Information

1) Japan

In the year ended March 2016, revenues were ¥4,548.4 billion, down ¥812.4 billion, or 15%. This decrease was mainly due to the impact of lower oil prices in the Energy Business Group.

2) U.S.A.

In the year ended March 2016, revenues were ¥638.8 billion, up ¥30.1 billion, or 5%. This increase was mainly due to higher sales volume at the subsidiaries in the Living Essentials Group and the impact of the yen's depreciation.

3) Other

In the year ended March 2016, revenues increased by ¥38.4 billion, or 2%, to ¥1,738.4 billion.

3. Year Ended March 2016 Operating Environment and Year Ending March 2017 Outlook

(Profit for the year, as used hereinafter, refers to “Profit for the year attributable to owners of the Parent”)

1) Global Environmental & Infrastructure Business Group

In the year ended March 2016, signs of a global economic recovery began to emerge. Notably, the U.S. economy continued to experience a solid recovery. In Europe, there were continuing signs of an upturn in overall economic conditions, albeit a gradual pace of recovery. Meanwhile, emerging nations experienced a slowdown in economic growth. Economic growth in Japan was sluggish. In this environment, the Global Environmental & Infrastructure Business Group saw earnings lifted by increased earnings from the European power generation and power transmission businesses, in addition to higher earnings from gains on reversal of provisions in prior fiscal years.

In the year ending March 2017, firm demand is expected for social and industrial infrastructure, such as power, water, transportation, and plant infrastructure, primarily in emerging and developing countries. The Group’s business domains also offer abundant business opportunities over the medium and long terms. Accordingly, we believe that we will continue to see steady growth in the prevailing business environment.

The business environment in our main business domains was as follows.

In the power business, demand for power is steadily growing, particularly in Asia and the Americas. In Europe, where the main focus of renewable energy is on offshore wind projects, we continue to expect business opportunities to emerge from offshore wind projects and the associated offshore power transmission projects. In Japan, amid delays in the restarting of nuclear power plants, we anticipate new business opportunities for power generation projects arising from plans for developing alternative sources of power and related negotiations on power generation facilities. Furthermore, new opportunities in power retailing are emerging in connection with electricity system reforms.

In the water business, we entered the U.K., which has a well-developed water privatization market, in the year ended March 2016. In Japan, the Japanese government is considering the development of concessions. In addition, we expect to continue to see business opportunities based on strong demand for water supply and sewerage treatment plants and seawater desalination plants primarily in Asia, the Middle East and Africa.

In the transportation field, we entered the container terminal operation business in Spain and the airport operation business in Myanmar in the year ended March 2015, and are advancing both of these businesses. At the same time, we were selected as the preferred proponent for the contract for construction, operation and maintenance of a light rail transit (LRT) system in Canberra, Australia. In the railway equipment sector, we are steadily executing large railcar projects for cities such as Istanbul, Turkey and Doha, Qatar that were contracted in the fiscal year ended March 2015. In the year ended March 2016, we received a contract for upgrading the Automated People Mover (APM) system at Singapore Changi Airport. We believe that demand for transportation infrastructure will remain extremely buoyant, with the background of trends such as the globalization of logistics on a borderless scale, fast-paced economic development in emerging countries, burgeoning population movements and the concentration of populations in urban areas driven by large-scale investment in the Middle East. Therefore, we believe that the business environment will facilitate our efforts to build a steady revenue base.

In the plant & engineering business, growth in investment slowed primarily in resource-rich countries due to the impact of falling oil prices. Meanwhile, we believe that competitive projects will steadily emerge given that global demand for energy remains strong. Therefore, overall, we believe that the business environment offers prospects for solid demand for plant projects.

2) Industrial Finance, Logistics & Development Group

In the year ended March 2016, market conditions in terms of stock and real estate prices trended relatively favorably in Japan, the U.S., the U.K. and certain other countries, mainly reflecting continued monetary easing in developed countries. As a result, profit of the Industrial Finance, Logistics & Development Group remained nearly flat to profit for the previous year.

For the year ending March 2017, we believe that market conditions surrounding the Group will remain stable on the whole, despite some concerns such as economic trends in China, conditions after the U.S. presidential elections, and the monetary policy outlook. Accordingly, we will develop businesses centered on the asset management business targeting alternative assets such as real estate and private equity, as well as the leasing business and the real estate development business in Japan and overseas.

The business environment in our main business fields was as follows.

In the real estate-related business in Japan, real estate transactions totaled ¥4.1 trillion, a decrease of approximately 20% from the year ended March 2015, marking the first decline in four years. This was the result of a wait-and-see approach taken by overseas funds amid lingering uncertainty over the outlook for the Japanese economy. Meanwhile, the Tokyo Stock Exchange REIT Index saw some declines. However, in the second half of the fiscal year, the index rebounded to the level at the beginning of the fiscal year owing to the impact of the Bank of Japan's monetary easing policies, including the adoption of negative interest rates. In the year ending March 2017, we believe that real estate market conditions will remain strong, buoyed by the continuing inflow of funds focused on attractive yields, amid a low-interest environment underpinned by ongoing monetary easing.

In the overseas real estate-related business, North America is experiencing a robust real estate market recovery in both the real estate trading and leasing sectors, helped partly by solid trends in terms of steady economic fundamentals, such as population growth, a recovery in the jobs market, and an uptrend in business conditions. While economic growth in China is slowing, the Chinese economy is likely to experience sustained growth over the medium and long terms. Accordingly, China should see stronger needs for housing purchases in line with actual demand, along with increased demand for highly functional logistics facilities driven by growing markets primarily for online shopping. In the ASEAN region, the real estate market is expanding, fueled by stronger demand for condominiums for middle income earners and logistics facilities on the back of firm economic expansion and population growth. With the emergence of REIT markets in Singapore, Malaysia and Thailand, we continue to anticipate abundant business opportunities in those countries.

In the leasing business field, leasing demand in Japan in the year ended March 2016 increased year over year, partly due to the weakening yen and lower effective interest rate spurred by the Bank of Japan's monetary policies. The leasing market in Japan is expected to continue growing steadily, driven by demand for capital investment in the runup to the Tokyo Olympic in 2020. In the aircraft leasing field, we anticipate continuing growth in the near term on the back of rising demand for procuring aircraft and finance mainly due to the entry of new carriers. Growth will also be driven by demand from emerging countries and demand for replacing existing aircraft with aircraft that offer high economic efficiency.

In the buyout investment market in Japan, market conditions remained firm, with the number of buyout investments for the year ended March 2016 likely to have reached at least 50 deals. Notably, carve-out deals associated with large corporations are expected to continue increasing going forward.

3) Energy Business Group

Following on from the year ended March 2015, a low oil price environment persisted in the year ended March 2016. Although demand for oil increased dramatically worldwide, the oil market was oversupplied throughout the fiscal year, as major oil-producing countries such as Saudi Arabia and Russia continued high levels of production, and U.S. shale oil production did not slow down markedly despite the weak crude oil prices. As a result, crude oil and petroleum product inventories reached all-time highs. At the beginning of the year ended March 2015, the crude oil price hovered around the $60 range based on expectations of production cuts in the U.S. due to a decrease in the number of operational drilling rigs in the U.S. However, in July commodity prices fell sharply across the board due to concerns about a Chinese economic slowdown in the wake of plummeting share prices in that country. Thereafter, the crude oil price continued to slide, except for a few short-lived rallies. Despite increasing geopolitical risk owing to factors such as turmoil in the Middle East region triggered by the rise of Islamic State and the bombing of Yemen by Saudi Arabia, the crude oil price remained capped within a certain range. In December, OPEC members decided at their general meeting to maintain crude oil production, further reducing the crude oil price to the $30 range. In early January, the Shanghai stock exchange and the Chinese currency dropped sharply, and the lifting of nuclear sanctions against Iran by the U.S. and EU gave rise to expectations of an increase in oil exports from Iran.

These factors pushed the crude oil price below $30 at one time. Thereafter, at the end of February, Saudi Arabia, Russia and other major oil-producing countries showed signs of freezing any further production increases and expectations for commodity prices to bottom out as a whole began to take shape, helping to support a modest recovery in the crude oil price. Looking ahead, in the second half of the year ending March 31, 2017, production by non-OPEC members, which have high production costs, is projected to decrease due to the impact of investment cutbacks prompted by the low oil price. Based on these factors, the supply-demand balance is expected to gradually improve. However, it is likely to take time to draw down the high levels of inventories, and the intensified rivalry between Saudi Arabia and Iran, along with increasingly complex geopolitical situation in the Middle East due to the rise of Islamic State, will be factors that cause further turmoil in the crude oil markets. Therefore, the outlook for the crude oil price remains uncertain, and we must continue to watch crude oil price trends carefully.

Our projection of profit for the year ending March 2017 for the Energy Business Group assumes a crude oil price of US$37/BBL (Dubai spot price). The Group holds upstream rights, and/or liquefaction facilities in Australia, Malaysia, Brunei, Sakhalin, Indonesia, the U.S., including the Gulf of Mexico, Gabon, Angola and other parts of the world. Therefore, our operating results are subject to the effect of fluctuations in the price of crude oil. A US$1/BBL change in the price of crude oil has an approximate ¥2.0 billion effect on profit in the Group, mainly through a change in share of profit of investments accounted for using the equity method. However, because of timing differences, this price fluctuation might not be immediately reflected in our operating results in the fiscal year in which it occurs.

4) Metals Group

Global steel output for the 2015 calendar year reached approximately 1.6 billion tons, down approximately 3% year over year. However, steel market prices and the price of raw materials for steel were sluggish, reflecting the persistence of excessive production capacity in China, which accounts for almost half of global steel output, despite declining steel output in the country. Furthermore, non-ferrous metals prices remained capped within a certain range throughout the year. The average annual price of copper cathode declined from US$6,558 per ton in the year ended March 2015 to US$5,215 in the year ended March 31, 2016, reflecting mainly falling crude oil prices.

In this environment, we recognized an impairment loss of approximately ¥271.2 billion at March 31, 2016 in connection with Anglo American Sur S.A. (“AAS”; Headquarters: Santiago, Chile), a Chilean copper mining and smelting company in which Mitsubishi Corporation owns a 20.4% equity interest. This impairment loss mainly reflected consideration of a comprehensive range of factors including the downturn in the copper market and the extended timeframe for the development of mining projects.

Furthermore, Mitsubishi Development Pty Ltd (Headquarters: Brisbane, Australia), a wholly owned subsidiary of Mitsubishi Corporation engaged in the Australian metal resources business, recorded lower earnings year over year, mainly due to the recognition of impairment losses in the iron ore business and falling sales prices since the year ended March 2015. Moreover, the Metals Group also saw profit decrease year over year. The decrease mainly reflected lower dividend income and equity method earnings from metal resource-related investees.

Over the medium and long terms, demand for metal resources and related products as well as prices are expected to increase strongly, with economic growth in emerging markets driving the global economy. Accordingly, we expect commodity prices to recover gradually.

For the year ending March 2017, we project an increase in profit in the Group year over year. This projection is premised mainly on the benefits of productivity enhancements and cost-cutting measures, along with the rebound of impairment losses on resource-related assets in the year ended March 2016, as well as recent trends in metal resource prices.

5) Machinery Group

The Machinery Group posted lower earnings year over year, due to the recording of one-off losses in connection with sluggish shipping market conditions, as well as a slowdown in automobile operations in Asia. Overall, the environment surrounding the Group's businesses was hit hard by slowing economic growth in emerging markets, despite some strong fields such as the construction market in Japan. However, we believe that emerging markets centered on Asia continue to offer prospects for growth in internal demand in step with their improving living standards. Therefore, eyeing an improvement in the business environment in the future, we will continue to upgrade and expand our business platform and strengthen our business functions.

The business environment in our main business fields was as follows.

In the industrial machinery business, the construction machinery rental business in Japan has remained strong, supported by earthquake reconstruction projects, projects to rebuild aging infrastructure, along with numerous construction investments related to the Tokyo Olympic Games. In the year ending March 2017, we expect surging investment to continue in these areas. In the elevator business, we posted strong sales with the background of solid construction investment in the ASEAN region. In the machine tools business, the outlook has become uncertain as order volume in Japan has been declining year over year since August 2015, mainly due to falling smartphone-related demand in China, South Korea and Taiwan.

In the shipping-related business, the business environment in the year ended March 2016 came under significant pressure as a result of historically weak market conditions for bulk carriers. In the short term, it is unlikely to expect any significant recovery in market conditions as the construction of new ships will continue for some time. Accordingly, we will need to watch supply-demand trends closely. In the gas carrier and related marine special purpose ships business, the extended slump in crude oil prices has had impacts such as the postponement of certain new LNG project developments. However, we anticipate that the business will improve over the medium and long terms based on higher demand for LNG on a global basis.

In business related to Mitsubishi Motors Corporation (MMC), the business as a whole slowed down mainly due to decelerating growth in emerging economies. However, we will continue to upgrade and expand our business platform in key markets such as Indonesia, with the aim of capturing future growth, in conjunction with bolstering sales in other markets.

In business related to Isuzu Motors Limited brand automobiles, automobile demand in the mainstay Thailand market decreased by around 10% year over year, reflecting the impact of weak economic conditions. For the year ending March 2017, the mainstay Thailand market is expected to remain stagnant, in addition to facing intensifying competition. Aiming for growth over the medium and long terms, we plan to step up activities in Thailand and other emerging countries.

6) Chemicals Group

The chemicals product market in the year ended March 2016 was lackluster overall, due to falling crude oil and other resource prices. Actual demand lacked strength on the whole due to economic deceleration in emerging countries such as China and in resource-rich nations. Meanwhile, continuing overcapacity in China and other factors also had an impact on the low product prices.

Looking ahead, we expect to face a challenging business environment with weak product prices as the slowdown in global economic growth is projected to continue in the near term, in addition to lackluster oil prices. This is despite expectations of continued growth in demand primarily in Asian markets.

In the medium term, we anticipate structural changes (industry realignment, consolidation and closure of facilities) in the global petrochemical industry as the shale gas revolution makes the North American petrochemical industry more competitive and boosts its supply capacity. This development is also expected to transform the flow of logistics and the supply of products. Therefore, we expect to see more and more opportunities to emerge that will make the most of our capabilities.

Meanwhile, there is greater interest in the themes of health, safety, comfort and good taste, driven by an ever-increasing middle class and improving living standards in emerging markets, and aging populations in developed countries. As a result, demand in the life science field, including food science, is projected to expand firmly.

We will respond to these changes in the business environment and market needs by developing food science, and pharmaceutical and agrochemical businesses globally in order to capture market growth in Japan and abroad. In addition, while strengthening core businesses such as Saudi Arabian petrochemical operations and the Venezuelan methanol business, we will continue to expand our business platform in the commodity chemicals field. Along with these efforts, we will continue to develop the business chain in plastics and other functional chemicals fields and continuously strengthen consolidated businesses.

7) Living Essentials Group

The consumer market in Japan in the year ended March 2016 started to see a gradual recovery in business confidence, mainly due to the positive effects of the Japanese government's economic stimulus measures and expansion in inbound tourism demand. Meanwhile, the global economic outlook is highly uncertain, with the market remaining only halfway to a fully recovery. Although the size of the consumer market in Japan is contracting in line with the country's declining population, we expect to capture new sources of demand arose by changes in lifestyles in line with the ongoing aging of society.

In overseas markets, despite slowing economic growth in emerging countries primarily in Asia, consumer spending continues to expand in terms of both quality and quantity as a result of improving income levels.

In this business environment, we will work to strengthen our competitiveness by means including rationalizing operations in Japan, while upgrading and enhancing our business platform to capture market growth overseas.

In the year ended March 2016, profit in the Living Essentials Group decreased year over year, mainly due to the rebound of the reversal of impairment losses in the year ended March 2015. In the year ending March 2017, we project an increase in profit in the Group based on improved earnings in the salmon farming and other businesses.

4. Significant Contracts

There were no significant contracts in the year ended March 2016.

5. R&D Activities

There were no material R&D activities in the year ended March 2016.

6. Liquidity and Capital Resources

1) Fund Procurement and Liquidity Management

Our basic policy concerning the procurement of funds to support business activities is to procure funds in a stable and cost-effective manner. For funding purposes, we select and utilize, as needed, both direct financing, such as commercial paper and corporate bonds, and indirect financing, including bank loans. We seek to use the most advantageous means, according to market conditions at the time. We have a strong reputation in capital markets. Regarding indirect financing, we maintain good relationships with a broad range of financial institutions in addition to our main banks, including foreign-owned banks, life insurance companies and regional banks. This diversity allows us to procure funds on terms that are cost competitive.

In the year ended March 2016, the U.S. economy continued to experience a modest recovery, and Europe showed signs of an overall improvement in business conditions. However, the economies in Japan and emerging nations lacked strength, and international commodity prices continued to decline. In this environment, Mitsubishi Corporation pursued extended fundraising periods, and made efforts to improve financial soundness including undertaking hybrid finance, a funding method that incorporates features of equity.

As a result of these funding activities, as of March 31, 2016, gross interest-bearing liabilities stood at ¥6,042.6 billion, ¥306.4 billion lower than March 31, 2015. Of these gross interest-bearing liabilities, 86% represented long-term financing. Hybrid finance accounted for ¥300.0 billion of the interest-bearing liabilities. Rating agencies treat 50% of this balance, or ¥150.0 billion, as equity. Gross interest-bearing liabilities at the Parent were ¥4,017.2 billion, of which 98% represented long-term financing, and the average remaining period was approximately 6 years.

For the year ending March 2017, we plan to continue procuring funds mainly through long-term financing. Furthermore, we will continue undertaking efforts to diversify funding sources and raise funding efficiency on a consolidated basis. Moreover, because financial markets remain unpredictable, we will remain vigilant and secure sufficient cash and deposits, and bank commitment lines, to maintain our liquidity.

Regarding management of funds on a consolidated basis, we have a group financing policy in which funds are raised principally by the Parent, as well as domestic and overseas finance companies and overseas regional subsidiaries, and distributed to other subsidiaries. As of March 31, 2016, 85% of consolidated gross interest-bearing liabilities were procured by the Parent, domestic and overseas finance companies, and overseas regional subsidiaries. Looking ahead, we plan to enhance our fund management system on a consolidated basis, with a view to refining consolidated management.

The current ratio as of March 31, 2016 was 148% on a consolidated basis. In terms of liquidity, we believe that the Parent has a high level of financial soundness. The Parent, Mitsubishi International Corporation (U.S.A.), Mitsubishi Corporation Finance PLC (U.K.), MC Finance & Consulting Asia Pte. Ltd., and MC Finance Australia Pty Ltd. had ¥478.0 billion in short-term debt as of March 31, 2016, namely commercial paper and bonds scheduled for repayment within a year. But, since the sum of cash and deposits, bond investments due to mature within a year, and securities for trading purpose together with commitment lines secured on a fee basis amounted to ¥2,095.9 billion, we believe we have a sufficient level of liquidity to meet current obligations. The excess coverage amount was ¥1,617.9 billion. The Parent has a yen-denominated commitment line of ¥510.0 billion with major Japanese banks, a commitment line of US$1.0 billion and a soft currency facility equivalent to US$0.3 billion with major international banks, mainly in the U.S. and Europe.

To procure funds in global financial markets and ensure smooth business operations, we obtain ratings from three agencies: Rating and Investment Information, Inc. (R&I), Moody's Investors Service, and Standard and Poor's (S&P). As of May 12, 2016, our ratings (long-term/short-term) are AA-/a-1+ (outlook stable) by R&I, A1/P-1 (review for downgrade) by Moody's, and A/A-1 (outlook negative) by S&P.

2) Total Assets, Liabilities and Total Equity

Total assets at March 31, 2016 was ¥14,916.3 billion, down ¥1,858.1 billion, or 11%, from March 31, 2015.

Current assets decreased by ¥1,051.5 billion, or 14%, to ¥6,557.2 billion, mainly due to a decrease in trade and other receivables and inventories in line with lower transaction prices and sales volumes.

Non-current assets decreased by ¥806.6 billion, or 9%, to ¥8,359.1 billion from March 31, 2015, mainly due to a decrease in investments accounted for using the equity method due to the recording of a loss on these investments.

Total liabilities at March 31, 2016 was ¥9,898.7 billion, down ¥820.1 billion, or 8%, from March 31, 2015.

Current liabilities decreased by ¥545.7 billion, or 11%, to ¥4,433.2 billion, mainly due to a decrease in trade and other payables in line with lower transaction prices and sales volume, as with trade receivables and other receivables.

Non-current liabilities decreased by ¥274.3 billion, or 5%, to ¥5,465.5 billion, mainly due to a decrease in borrowings because of the repayment of bonds and borrowings and the impact of exchange rates.

Total equity decreased by ¥1,038.0 billion, or 17%, from March 31, 2015 to ¥5,017.5 billion at March 31, 2016.

Equity attributable to owners of the Parent decreased ¥978.0 billion, or 18%, to ¥4,592.5 billion, mainly due to net loss recognized, declines in unrealized gains on other investments designated as FVTOCI in line with falling resource prices, and declines in exchange differences on translating foreign operations accompanying the yen's appreciation.

Non-controlling interest was almost unchanged at ¥425.0 billion.

Net interest-bearing liabilities, gross interest-bearing liabilities minus cash and cash equivalents, at March 31, 2016 was ¥4,315.5 billion, down ¥152.2 billion, or 3.4%, year over year.

As a result, the net debt-to-equity ratio, which is net interest-bearing liabilities divided by equity attributable to owners of the Parent, was 0.9, which was 0.1 of a point higher than at March 31, 2015.

3) Cash Flows

Cash and cash equivalents as of March 31, 2016 was ¥1,501.0 billion, down ¥224.2 billion from March 31, 2015.

(Operating activities)

Net cash provided by operating activities was ¥700.1 billion, mainly due to dividend income and cash flows from operating transactions, as well as the recovery of working capital, despite the payment of income taxes.

Net cash provided by operating activities decreased ¥98.2 billion year over year mainly due to a decrease in dividend income.

(Investing activities)

Net cash spent in investing activities was ¥503.9 billion. Investing activities spent net cash mainly due to investments in energy resource businesses and the acquisition of shares in Olam International Limited, an agricultural production-related company, despite cash provided by the collection of loans receivable, the sale of shares in listed companies and the sales of aircraft by subsidiaries.

Net cash spent in investing activities increased by ¥349.0 billion year over year, mainly due to investments in energy resource businesses and the acquisition of shares in Olam International Limited, an agricultural production-related company, despite decreased capital expenditures in the Australian coal business.

As a result, free cash flow, the sum of operating and investing cash flows, was positive ¥196.2 billion.

(Financing activities)

Net cash spent in financing activities was ¥364.5 billion. Financing activities spent net cash mainly due to the repayment of borrowings, redemption of bonds, purchase of treasury stock and the payment of dividends at the Parent, despite cash provided by the issuance of hybrid bonds and the hybrid loans.

Net cash spent in financing activities increased by ¥59.2 billion year over year, mainly due to repayment of long-term debt and the purchase of treasury stock, despite the issuance of hybrid bonds and the hybrid loans.

7. Strategic Issues

1) "Midterm Corporate Strategy 2018"

"Evolving Our Business Model from Investing to Managing"

Mitsubishi Corporation has established its new management strategy during the three years beginning with fiscal year 2016. "Midterm Corporate Strategy 2018 – "Evolving Our Business Model from Investing to Managing" sets forth Mitsubishi Corporation's corporate vision and management approach over the next three years, both of which are designed to generate sustainable business value. The strategy takes into account various environmental factors that are expected to have an impact on Mitsubishi Corporation's operations, including a world economic slowdown, changes in commodity markets, geopolitical risks, a long-term stagnation in resource prices and changes caused by technological innovations such as artificial intelligence (AI) and the Internet of Things (IoT) (the so-called "Fourth Industrial Revolution").

■ Corporate Vision

Mitsubishi Corporation shall leverage its ingenuity to create new business models and generate value for societies, thereby developing the highest level of management expertise.

Mitsubishi Corporation shall provide more opportunities for employees to develop into future leaders, instilling them with a strong sense of ethics, the foresight to anticipate and adapt to change, and the execution skills to overcome challenges in any business environment or era. More opportunities for employees to innovate new businesses will further enhance Mitsubishi Corporation's businesses, creating a virtuous cycle of professional and corporate growth.

■ Management Approach Over the Next Three Years

Rebalancing of "Resources" and "Non-resources"

In Resources, Mitsubishi Corporation shall focus its investments in metallurgical coal, copper, and natural gas, optimizing the quality of its portfolios while maintaining their overall sizes.

In Non-resources, Mitsubishi Corporation shall re-profile its portfolios but increase their sizes by investing in growing businesses where Mitsubishi Corporation can proactively demonstrate its strengths.

Cash-flow-focused Management

Over the strategy's three-year period, Mitsubishi Corporation shall manage its investments and shareholders returns within its capacity to generate cash.

Further Evolution from "Investing" to "Managing"

Until now, Mitsubishi Corporation has generated growth primarily by investing in businesses; however, the new strategy shall focus more on proactively managing the businesses, enabling our management partners to benefit from Mitsubishi Corporation's unique strengths and functions, and generating continuous value together.

Accelerated "Lifecycle-based" Portfolio Re-profiling

Recognizing that businesses have lifecycles influenced by environmental and other factors, Mitsubishi Corporation shall re-profile its portfolios by proactively demonstrating Mitsubishi Corporation's strengths.

■ Financial Targets & Shareholder Returns

Financial Targets

By effectively combining asset growth and portfolio re-profiling, Mitsubishi Corporation shall aim for double-digit return on equity by circa 2020.

Shareholder Returns

Mitsubishi Corporation shall introduce a flexible and progressive dividend policy in line with its sustainable earnings growth over the next three years.

2) Main Investment Activities

We plan to continuously invest in the mineral resources and oil and gas resources fields, as well as the global environmental business, industrial finance, machinery, chemicals, living essentials and other fields, in line with the growth strategies of each business. All investments will be made with the aim of sustaining our growth.

Under the New Strategic Direction, which we formulated in May 2013, together with a further selective acceleration of divestments and a freeing up of capital for new investments, we planned to invest a total of ¥2.0-2.5 trillion over the three-year period from April 2013 to the end of March 2016. During the year ended March 2016, we invested a total of ¥890.0 billion.

The main investments made by Mitsubishi Corporation were the reacquisition of LNG rights in Malaysia, investment in Olam International Limited, an agricultural production-related company, and the acquisition of shares in Calik Enerji Sanayi ve Ticaret A.S. of Turkey.

Note:
Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ materially from these statements for various reasons.

3) Forecast for the Year Ending March 2017

For the year ending March 2017, we forecast profit for the year of ¥250.0 billion. Please note that the basic assumptions for this forecast are as follows:

Reference: Change of basic assumptions

	Year Ended March 2016 (Actual)	Year Ending March 2017 (Forecasts)	Change
Exchange rate	¥120.1 /US$	¥110.0 /US$	¥(10.1) /US$
Crude oil price	US$45.5 /BBL	US$37.0 /BBL	US$(8.5) /BBL
Interest rate (TIBOR)	0.16%	0.20%	+0.04%

8. Business Risks

(Unless otherwise stated, calculations of effects on future consolidated profit for the year are based on consolidated profit for the year ended March 2016. Consolidated profit for the year, as used hereinafter, refers to "Profit for the year attributable to owners of the Parent")

1) Risks of Changes in Global Macroeconomic Conditions

As we conduct businesses on a global scale, our operating results are impacted by economic trends in overseas countries as well as those in Japan.

For instance, a decline in prices of energy and metal resources could have a large impact on our resource-related import transactions and earnings from business investments. Furthermore, the worldwide economic slowdown could affect our entire export-related business, including plants, construction machinery parts, automobiles, steel products, ferrous raw materials, chemical products, and other products.

In Thailand and Indonesia, we have various automobile businesses, including automobile assembly plants, distribution and sales companies and financial services companies jointly established with Japanese automakers. Since automobile sales volume reflects internal demand in each of these countries, economic trends in both Thailand and Indonesia may have a significant bearing on earnings from our automobile operations.

In the year ended March 2016, the global economy saw an increase in volatility in the financial and commodity markets, mainly due to concerns about the forecast for the Chinese economy and the Greek debt crisis, along with rising geopolitical risk as a result of the situation in Ukraine and the Middle East and others. Volatility in the financial and commodity markets also increased due to an interest rate hike in the U.S. In emerging countries, the pace of economic growth has slowed even among major countries such as China and Brazil, mainly due to slower growth in investment and exports, compounded by structural problems within these countries.

2) Market Risks

(1) Commodity Market Risk

In the course of our business activities, we are exposed to various risks relating to movements in prices of commodities as a trader, an owner of rights to natural and energy resources, and a producer and seller of industrial products of our investees. Product categories that may have a large impact on our operating results are as follows:

(Energy Resources)

We hold upstream rights to LNG and crude oil, and/or liquefaction facilities in Australia, Malaysia, Brunei, Sakhalin, Indonesia, Gulf of Mexico (United States), Gabon, Angola and other regions. Movements in LNG and crude oil prices may have a significant impact on operating results in these businesses.

With the exception of some temporary rallies, crude oil prices remained low throughout the year ended March 2016. Despite some signs of an increase in demand for oil, Saudi Arabia, Russia and other major oil-producing counties maintained high levels of production, and U.S. shale oil production did not fall off significantly under the condition of the lower oil prices. As a result, crude oil and petroleum product inventories reached historically high levels. Under these supply and demand conditions, at one point in January 2016 the crude oil price (WTI) fell to its lowest level since 2008. Going forward, non-OPEC production is expected to decline due to lower investment stemming from low oil prices, and the supply–demand balance is expected to gradually recover in the second half of 2016. However, drawing down high inventory levels will take some time. Considering that the forecast for crude oil prices remains uncertain, future developments must be watched closely.

Fundamentally, LNG prices are linked to crude oil prices. It is estimated that a US$1/BBL fluctuation in the price of crude oil would have an approximate ¥2.0 billion effect on profit for the year for LNG and crude oil combined in a given year, mainly through a change in equity method earnings. However, fluctuations in the price of LNG and crude oil might not be immediately reflected in our operating results because of timing differences.

(Metal Resources)

Through a wholly owned Brisbane, Australia, subsidiary Mitsubishi Development Pty Ltd (MDP), we sell coking coal, which is used for steel manufacturing, and thermal coal, which is used for electricity generation. Fluctuations in the price of coking coal may affect our consolidated operating results through MDP's earnings. MDP's operating results cannot be determined by the coal price alone since MDP's results are also significantly affected by fluctuations in exchange rates for the Australian dollar, U.S.

dollar and yen, as well as adverse weather and labor disputes.

In addition, as a producer, we are exposed to the risk of price fluctuations in copper. A US$100 fluctuation in the price per MT of copper would have a ¥0.9 billion effect on our profit for the year (a US¢10 price fluctuation per lb of copper would have a ¥1.9 billion effect on our profit for the year). However, variables beside price fluctuations can also have an impact. These include the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditures). Therefore, the impact on earnings cannot be determined by the copper price alone.

(Petrochemical Products)

We are engaged in a broad range of trading activities for petrochemical products manufactured from raw materials such as naphtha and natural gas. The prices of petrochemical products are largely determined for each product on an individual basis based on the prices of the above raw materials, supply-demand dynamics and other factors. Fluctuations in the prices of these raw materials may affect earnings from these trading transactions.

We have made investments in manufacturing and sales companies for petrochemicals such as ethylene glycol, paraxylene and methanol in Saudi Arabia, Malaysia and Venezuela. Our investment earnings would be affected by changes in the operating results of these companies due to price movements.

(2) Foreign Currency Risk

We bear risk of fluctuations in foreign currency rates relative to the yen in the course of our trading activities, such as export, import and offshore trading. While we use forward contracts and other hedging strategies, there is no assurance that we can completely avoid foreign currency risk.

In addition, dividends received from overseas businesses and equity in earnings of overseas consolidated subsidiaries and affiliates are relatively high in proportion to our profit for the year. Because most of these earnings are denominated in foreign currencies, which are converted to yen solely for reporting purposes, an appreciation in the yen relative to foreign currencies has a negative impact on profit for the year. In terms of sensitivity, a 1 yen change relative to the U.S. dollar would have an approximate ¥1.5 billion effect on profit for the year.

Regarding our investments in overseas businesses, an appreciation in the yen poses the risk of lowering shareholders' equity through a negative effect on exchange differences on translating foreign operations. Consequently, we implement various measures to prevent increased exposure to foreign currency risk on investments, such as by hedging foreign currency risks with respect to new large investments. However, there is no assurance that we can completely avoid these risks.

(3) Stock Price Risk

As of March 31, 2016, we owned approximately ¥1,430.0 billion (market value) of marketable securities, mostly equity issues of customers, suppliers and affiliated companies. These investments expose us to the risk of fluctuations in stock prices. The valuation above represented net unrealized gains of approximately ¥350.0 billion based on market prices, a figure that could change depending on future trends in stock prices. In our corporate pension fund, some of the pension assets are managed by marketable stocks. Accordingly, a fall in stock prices could cause an increase in pension expenses by reducing pension assets.

(4) Interest Rate Risk

As of March 31, 2016, we had gross interest-bearing liabilities of ¥6,042.6 billion. Because almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The vast majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are positively affected by changes in interest rates. Because a rise in interest rates produces an increase in income from these assets, while there is a timing difference, interest rate risk is offset. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income as well as other income streams such as dividends that are strongly correlated with economic cycles. Accordingly, even if interest rates increase as the economy improves, leading to higher interest expenses, we believe that these expenses would be offset by an increase in income from the corresponding asset holdings. However, our operating results may be negatively affected temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses.

To monitor market movements in interest rates and respond flexibly to market risks, we established the ALM (Asset Liability Management) Committee. This committee establishes fund procurement strategy and manages the risk of interest rate fluctuations.

3) Credit Risk

We extend credit to customers in the form of trade credit, including accounts receivables and advance payments, finance, guarantees and investments due to our various operating transactions. We are therefore exposed to credit risk in the form of losses arising from deterioration in the credit of or bankruptcy of customers. Furthermore, we utilize derivative instruments, primarily swaps, options and futures, for the purpose of hedging risks. In this case, we are exposed to the credit risk of the counterparties to these derivative instruments.

To manage this risk, we have established credit and transaction limits for each customer as well as introduced an internal rating system. Based on internal rules determined by internal ratings and the amount of credit, we also require collateral or a guarantee depending on the credit profile of the counterparty. There is no guarantee that we will be able to completely avoid credit risk with these risk hedging strategies. We reduce transactions and take measures to protect our receivables when there is deterioration in the credit condition of customers. We also have a policy for dealing with bankrupt customers and work to collect receivables. However, failure to collect receivables and other credit could affect our operating results.

4) Country Risk

We bear country risk in relation to transactions and investments with overseas companies in the form of delays or inability to collect cash or conduct business activities due to political and socioeconomic conditions in the countries where they are domiciled.

We take appropriate risk hedging measures that involve, in principle, hedges via third parties through such means as taking out insurance, depending on the nature of the project. Furthermore, we have established a Country Risk Committee, under which country risk is managed through a country risk countermeasure system. The country risk countermeasure system classifies countries with which we conduct business into six categories based on risk money, as well as creditworthiness by country (country rating). Country risk is controlled through the establishment of risk limits for each category.

However, even with these risk hedging measures, it is difficult to completely avoid risks caused by deterioration in the political, economic, or social conditions in the countries or regions where our customers, portfolio companies or we have ongoing projects. Such eventualities may have an impact on our operating results.

5) Business Investment Risk

We participate in the management of various companies by acquiring equity and other types of interests. These business investment activities are carried out with the aim of increasing our commercial rights and deriving capital gains. However, we bear various risks related to business investments, such as the possible inability to recover our investments and exit losses and being unable to earn the planned profits. Regarding the management of business investment risk, in the case of new business investments, we clarify the meaning and purpose of the investment, quantitatively grasp the downside risk of investments and evaluate whether the return on our investments based on the characteristics of a business exceeds the minimum expected rate of return. After investing, we manage risk on an individual basis with respect to business investments to achieve the investment goals in the Business Plan formulated every year. Furthermore, we apply Exit Rules for the early sale of our equity interest or the liquidation of the investee in order to efficiently replace assets in our portfolio.

Notwithstanding these initiatives, although we follow strict standards for the selection and management of investments, it is difficult to completely avoid the risk of investments not delivering the expected profits. Therefore, our operating results could be affected by changes in the business environment and such actions as the withdrawal from an investment.

6) Risks Related to Specific Investments

(Investment in and Operations with Mitsubishi Motors Corporation)

Following requests from Mitsubishi Motors Corporation (MMC), we injected equity totaling ¥140.0 billion in MMC from June 2004 through January 2006 by subscribing to ordinary and preferred MMC shares. Based on the Mitsubishi Motors Capital Restructuring Plan announced by MMC on November 6, 2013, we invested part of MMC's preferred shares that we own in an anonymous association, and converted all the remaining shares into MMC's common shares on March 5, 2014. Furthermore, we cooperate with MMC to develop business at sales companies mainly outside of Japan and across the related value chain. Our risk exposure to MMC itself was approximately ¥125.0 billion as of March 31, 2016. Our risk exposure in connection with investments in businesses, finance, trade receivables and other related business was approximately ¥210.0 billion as of March 31, 2016 (of which, risk exposure in connection with the sales finance business was approximately ¥110.0 billion). Our total MMC-related risk exposure, including both the aforementioned risk exposure to MMC itself and our risk exposure to related business, was thus around ¥335.0 billion as of March 31, 2016.

In April 2016, MMC announced inappropriate practices with regard to its fuel consumption testing, and we view an investigation into these circumstances as a matter of topmost priority. Fluctuations in MMC's stock price affect our shareholders' equity, and the results of this investigation could affect the performance of related businesses.

(Investments in Australian Coking Coal and Other Metal Resource Interests)

In November 1968, we established wholly owned subsidiary Mitsubishi Development Pty Ltd (MDP), headquartered in Brisbane, Australia, to engage in coal development. In 2001, we acquired through MDP a 50% interest in the BMA coking coal business (BMA) in Queensland, Australia, for approximately ¥100.0 billion, and engage in this business with a partner, BHP Billiton Limited, headquartered in Melbourne, Australia. BMA has grown into one of the world's largest coking coal businesses, currently producing 66 million tons per year. In addition to coking coal, MDP engages in the exploration, development, production and sale of other metal resources (thermal coal, iron ore and uranium). As of March 31, 2016, the book value of MDP's fixed assets amounted to approximately ¥1,070.0 billion.

MDP's commodity market risks have the potential to affect our operating performance. For details, please refer to the section entitled "2) (1) Commodity Market Risk (Metal Resources)."

(Investments in Interests in Chilean Copper Assets and Other Resource Interests)

We hold shares in Anglo American Sur S.A. (AAS), which holds Chilean copper resource interests, with Anglo American Plc (AAC), headquartered in London, United Kingdom, and a joint venture between Corporación Nacional del Cobre de Chile, a nationally operated copper production company headquartered in Santiago, and Mitsui & Co., Ltd. Ownership interests in AAS are 50.1% by AAC, 29.5% by the Joint Venture and 20.4% by us, which we acquired for US$4.51 billion.

AAS holds a significant portfolio of copper assets in Chile, including the Los Bronces mine, the El Soldado mine, the Chagres copper smelter and large-scale prospective exploration properties. (AAS' total copper production was approximately 440,000 tonnes in 2015.)

We apply the equity method to its investment in AAS. As an investment accounted for using the equity method, during the year we conducted an impairment test on our investment in AAS. As AAS' production and development plans are long-term, we judged that an evaluation was necessary from a medium- to long-term perspective, including revisions in copper price forecasts. In relation to copper prices, we formulated a forecast, taking into account fundamentals such as the future supply/demand environment and the data provided by external financial institutions and other organizations. Because AAS' production and development plans are long-term, medium- to long-term price forecasts have a more significant impact on the valuation of our investment in AAS than do price fluctuations in the short term. Taking into overall consideration sluggish copper market prices and the extended timeframe for the development of mining projects, on March 31, 2016, we recorded an impairment loss of ¥271.2 billion, resulting in a book value of approximately ¥190.0 billion as of March 31, 2016.

We are also evaluating our other investments in copper asset interests, as well as investments related to crude oil, gas and LNG. Because production and development plans are long-term, medium- to long-term price forecasts have a more significant impact on the valuation of our investment than do price fluctuations in the short term.

7) Risks Related to Compliance

We are engaged in businesses in all industries through our many offices around the world. These activities subject us to a wide variety of laws and regulations. Specifically, we must comply with the Companies Act, tax laws, Financial Instruments and Exchange Act, anti-monopoly laws, international trade-related laws, environmental laws and various business laws in Japan. In addition, in the course of conducting business overseas, we must abide by the laws and regulations in the countries and regions where we operate.

We have established a Compliance Committee, which is headed by a Chief Compliance Officer, who is at the forefront of our efforts to raise awareness of compliance. This officer also directs and supervises compliance with laws and regulations on a consolidated basis.

Notwithstanding these initiatives, compliance risks cannot be completely avoided. Failure to fulfill our obligations under related laws and regulations could affect our businesses and operating results.

8) Risks From Natural and Other Types of Disasters

An unforeseeable event, such as a natural disaster like an earthquake, heavy rain or flood, abnormal climatic conditions, or infectious diseases such as a new strain of influenza, or a large-scale accident, acts of terrorism or riots, that affects our employees and damages our offices, facilities or systems could hinder sales and production activities.

We have established adequate countermeasures, having implemented an employee safety check system; formulated a disaster contingency manual and a business contingency plan (BCP); implemented earthquake-proof measures for buildings, facilities or systems (including backup of data); introduced a program of disaster prevention drills; prepared stocks of necessary goods; and collaborated and shared information with offices, subsidiaries and related companies both in Japan and overseas. However, no amount of preparation of this sort can completely avoid the risk of damage caused by a natural disaster. Accordingly, damage from a natural disaster could affect our businesses and operating results.

Note:
Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons.

9. Critical Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the fiscal year end and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various other factors which it believes reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes that the following items require accounting estimates and judgments that could have a critical impact on our financial position and results of operations.

1) Fair Valuation of Financial Instruments

The fair valuation of financial instruments is a critical accounting estimate as the balance of financial instruments measured at fair value, such as marketable securities and derivatives, is significant.

Fair value is determined based on market data, such as market prices, as well as calculation procedures such as the market approach, income approach and cost approach. Specifically, the fair value of marketable securities is estimated using quoted market prices in active markets or quoted prices for identical or similar assets in markets that are not active. Fair value of non-marketable securities is estimated primarily using the discounted present value of future cash flows, comparison with similar transactions, modified net asset value, and third-party valuations. Furthermore, the fair value of derivative instruments is estimated by pricing models using observable market inputs, such as quoted prices, interest rates, and foreign exchange rates.

Management believes that the fair valuation of financial instruments is reasonable. However, these valuations include uncertainties that may be beyond the control of management. Therefore, we may need to revise the amounts of fair valuations in the future if there is a change in the estimates related to the valuation of financial instruments due to unforeseen changes in assumptions and other factors.

2) Impairment Loss on Receivables Measured at Amortized Cost

The valuation of receivables measured at amortized cost is a critical accounting estimate as the balance of our receivables measured at amortized cost, such as trade receivables, notes and loans, is significant.

We perform ongoing credit valuations of our customers and establish transaction and credit limits for each customer based upon the customers' collection history and current credit worthiness, as determined by our review of the customer's current credit information. At the same time, we obtain the necessary collateral, guarantees and other forms of security from our customers. We continuously monitor collections from our customers. We adequately provide for an allowance for doubtful accounts by collectively evaluating certain receivables based upon past credit loss experience, the probability of future defaults and other factors. For certain customers, we individually monitor their financial position, credit standing, and collection of receivables. If there is a high likelihood of being unable to recover the full amount of receivables (total of principal and interest) in line with the initial contractual conditions, we adequately provide for an allowance for doubtful accounts for each of these customers based on the nature of the receivables, the extent of the delay in recovery, assessments by credit rating agencies, valuations based on the discounted cash flow method, the fair value of collateral and other information.

Management believes that the estimates made to evaluate receivables measured at amortized cost are reasonable, the balance of the allowance for doubtful accounts is adequate and a recoverable amount of receivables is presented. However, these valuations include uncertainties that are beyond the control of management. Therefore, we may need to increase the allowance for doubtful accounts in the future if there is a change in the estimates related to the valuation of receivables due to unforeseen changes in assumptions and other factors.

3) Impairment of Non-financial Assets

We estimate the recoverable amount of non-financial assets excluding inventories and deferred tax assets whenever events or changes in circumstances indicate that there are signs of impairment, i.e., the carrying amount of an asset may not be recoverable. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is the present value of the estimated future cash flows, calculated by applying a pre-tax discount rate that reflects risks specific to the asset. Value in use is based on assumptions such as future market growth, forecast revenue and costs, and the estimated useful lives of utilization of the asset.

Management believes that its judgment as regards identifying evidence of impairment and evaluations related to estimates of value in use and fair value, are reasonable. However, these valuations include uncertainties that are beyond the control of management. Therefore, we may need to recognize additional impairment losses in the future if there is a change in the estimates related to the valuation of non-financial assets due to unforeseen changes in assumptions and other factors.

4) Pension Benefit Obligations and Costs

Employee pension benefit obligations and costs are estimated using actuarial calculations based on assumptions such as the discount rate, the average rate of increase in future compensation levels, the retirement rate, and the mortality rate. Among these, the discount rate is a particularly critical assumption for determining pension benefit obligations and costs. The discount rate is determined based on the rate available on high quality fixed income investments over our employees' projected average period of service remaining until the payment of benefits, at the respective measurement dates. Management believes that the assumptions and methods employed in the actuarial calculations are appropriate. However, if differences arise between the assumptions and actual experience, or the assumptions are changed, our pension benefit obligations and costs could be impacted.

5) Recoverability of Deferred Tax Assets

The evaluation of the recoverability of deferred tax assets is a critical accounting estimate as the balance of our deferred tax assets is significant.

We recognize deferred tax assets only for certain items that are probable to be deductible from future taxable income, from among net operating loss carryforwards, tax deductions, and deductible temporary differences. We review the recoverability of deferred tax assets at the end of every fiscal year, and reduce deferred tax assets by the amount of tax benefits that are not expected to be realized.

Management believes that the estimates made to evaluate the recoverability of deferred tax assets are reasonable, and that a recoverable amount of deferred tax assets is presented. However, these estimates include uncertainties that are beyond the control of management. Therefore, we may need to reduce deferred tax assets in the future if there is a change in the estimates related to the evaluation of recoverability due to unforeseen changes in assumptions and other factors.

Five-year Financial Summary

Mitsubishi Corporation and Subsidiaries
Years Ended March 31

<IFRS>

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") from the fiscal year ended March 31, 2014.
The date of transition to IFRS was April 1, 2012 ("Date of Transition").

	Millions of Yen					Millions of U.S. Dollars
	Date of Transition	2013	2014	2015	2016	2016
RESULTS OF OPERATIONS:						
Revenues		¥6,009,887	¥7,635,168	¥7,669,489	¥6,925,582	$61,836
Gross profit		1,054,933	1,186,005	1,209,894	1,098,877	9,811
Profit (loss) for the year attributable to owners of the Parent		323,457	361,359	400,574	(149,395)	(1,334)
FINANCIAL POSITION AT YEAR-END:						
Total assets	¥13,167,750	¥15,064,738	¥15,901,125	¥16,774,366	¥14,916,256	$133,181
Working capital[*1]	1,804,589	2,076,570	2,417,452	2,629,705	2,123,954	18,964
Borrowings (Non-current)	3,760,101	4,498,683	4,693,855	4,835,117	4,560,258	40,717
Equity attributable to owners of the Parent	3,773,471	4,517,107	5,067,666	5,570,477	4,592,516	41,004
	Yen					U.S. Dollars
AMOUNTS PER SHARE:						
Profit (loss) for the year attributable to owners of the Parent per share:						
Basic EPS		¥196.45	¥219.30	¥246.39	¥(93.68)	$(0.84)
Diluted EPS		196.02	218.80	245.83	(93.68)	(0.84)
Cash dividends declared for the year		55.00	68.00	70.00	50.00	0.45
	Thousands of shares					
COMMON STOCK:						
Number of shares outstanding at year-end[*2]	1,646,173	1,647,158	1,648,541	1,620,383	1,584,594	
	Yen per U.S. Dollar					
EXCHANGE RATES INTO U.S. CURRENCY:						
(Per the Federal Reserve Bank of New York)						
At year-end	¥82.41	¥94.16	¥102.98	¥119.96	¥112.42	
Average for the year		83.26	100.46	110.78	120.13	
Range:						
Low		96.16	105.25	121.50	125.58	
High		77.41	92.96	101.26	111.30	

Note: The U.S. dollar amounts represent translations, for convenience only, of yen amounts at the rate of ¥112=US$1.
*1. Working capital consists of all current assets and liabilities, including cash and short-term debt.
*2. Treasury stock is not included.

<U.S. GAAP>

The consolidated financial information in accordance with U.S. GAAP, previously adopted by the Company, is presented for readers' convenience as follows:

	Millions of Yen		
	2012	2013	2014
RESULTS OF OPERATIONS:			
Revenues	¥5,565,832	¥5,968,774	¥7,589,255
Gross profit	1,127,860	1,029,657	1,160,141
Net income from continuing operations attributable to Mitsubishi Corporation	452,344	360,028	444,793
Net income attributable to Mitsubishi Corporation	452,344	360,028	444,793
FINANCIAL POSITION AT YEAR-END:			
Total assets	¥12,588,320	¥14,410,665	¥15,291,699
Working capital*1	1,709,310	2,098,147	2,421,288
Long-term debt, less current maturities	3,760,101	4,498,683	4,692,531
Total Mitsubishi Corporation shareholders' equity	3,507,818	4,179,698	4,774,244
	Yen		
AMOUNTS PER SHARE:			
Net income from continuing operations attributable to Mitsubishi Corporation per share:			
Basic EPS	¥274.91	¥218.66	¥269.93
Diluted EPS	274.30	218.18	269.31
Net income attributable to Mitsubishi Corporation per share:			
Basic EPS	274.91	218.66	269.93
Diluted EPS	274.30	218.18	269.31
Cash dividends declared for the year	65.00	55.00	68.00
	Thousands of Shares		
COMMON STOCK:			
Number of shares outstanding at year-end*2	1,646,173	1,647,158	1,648,541
	Yen per U.S. Dollar		
EXCHANGE RATES INTO U.S. CURRENCY:			
(Per the Federal Reserve Bank of New York)			
At year-end	¥82.41	¥94.16	¥102.98
Average for the year	78.86	83.26	100.46
Range:			
Low	85.26	96.16	105.25
High	75.72	77.41	92.96

*1. Working capital consists of all current assets and liabilities, including cash and short-term debt.

*2. Treasury stock is not included.

Deloitte.

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Independent Auditor's Report

To the Board of Directors and Shareholders of
Mitsubishi Corporation (Mitsubishi Shoji Kabushiki Kaisha):

We have audited the accompanying consolidated financial statements of Mitsubishi Corporation (Mitsubishi Shoji 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, and a summary of significant accounting policies and other explanatory information.

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 Mitsubishi Corporation 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 report as information for readers.

/s/ Deloitte Touche Tohmatsu LLC

June 24, 2016

Supplementary Explanation

Internal Controls Over Financial Reporting in Japan

The Financial Instruments and Exchange Act in Japan ("the Act") requires the management of Japanese public companies to annually evaluate whether internal controls over financial reporting ("ICFR") are effective as of each fiscal year-end and to disclose the assessment to investors in a "Management Internal Control Report." The Act also requires that the independent auditor of the financial statements of these companies report on management's assessment of the effectiveness of ICFR in an Independent Auditor's Report ("indirect reporting"). Under the Act, these reports are required for fiscal years beginning on or after April 1, 2008.

We have thus evaluated our internal controls over financial reporting as of March 31, 2016 in accordance with "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by Business Accounting Council on March 30, 2011.

As a result of conducting an evaluation of internal controls over financial reporting in the fiscal year ended March 31, 2016, we concluded that our internal control system over financial reporting as of March 31, 2016 was effective and reported as such in the Management Internal Control Report.

Our Independent Auditor, Deloitte Touche Tohmatsu LLC, performed an audit of the Management Internal Control Report under the Act.

An English translation of the Management Internal Control Report and the Independent Auditor's Report filed under the Act is attached on the following pages.

Mitsubishi Corporation

Management Internal Control Report (Translation)

NOTE TO READERS:

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act in Japan. This report is presented merely as supplemental information.

(TRANSLATION)

1 [Matters relating to the basic framework for internal control over financial reporting]

Takehiko Kakiuchi, President and CEO, and Kazuyuki Masu, Director and Executive Vice President, are responsible for designing and operating effective internal control over financial reporting of Mitsubishi Corporation (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by Business Accounting Council on March 30, 2011.

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 the scope of assessment, the basic date of assessment and the assessment procedures]

The assessment of internal control over financial reporting was performed as of March 31, 2016, which is the end of this fiscal year. 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 our entire financial reporting in a consolidation ("company-level controls"). 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 the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

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 associates, from the perspective of the materiality that may affect the reliability of the Company's 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 associates. We did not include those consolidated subsidiaries and equity-method associates which do not have any 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 locations and business units in descending order of total assets (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany transactions) for the prior fiscal year, and those locations and business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those locations and 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 locations and business units." At the selected significant locations and business units, we included, in the scope of assessment, (i) those business processes leading to 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 the Company, and (ii) those business processes leading to other quantitatively-material accounts. Further, not only at selected significant locations and business units, but also at other locations and business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (i) those business processes relating to greater likelihood of material misstatements and significant accounts involving estimates and the management's judgment, and (ii) 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 described above, we concluded that the Company's internal control over financial reporting was effective as of the end of this fiscal year.

4 [Supplementary information]

Not applicable

5 [Special information]

Not applicable

Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan (Translation)

NOTE TO READERS:

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan. This report is presented merely as supplemental information.

(TRANSLATION)

Independent Auditor's Report
(filed under the Financial Instruments and Exchange Act in Japan)

June 24, 2016

To the Board of Directors of Mitsubishi Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Kohei Kan

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Masayuki Yamada

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Kenichi Yoshimura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Noriaki Kobayashi

< 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 of Mitsubishi Corporation (the "Company") and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

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 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.

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 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 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 Company'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 Company'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 Mitsubishi Corporation 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.

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit. 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 auditor's 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.

Audit Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of Mitsubishi Corporation 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.)

Consolidated Financial Statements
Consolidated Statement of Financial Position

March 31, 2015 and 2016

	Millions of Yen		Millions of U.S. Dollars (Note 2)
ASSETS	2015	2016	2016
Current assets			
Cash and cash equivalents (Note 31)	¥1,725,189	¥1,500,960	$13,401
Time deposits (Note 31)	156,090	226,186	2,019
Short-term investments (Notes 8 and 31)	31,913	28,763	257
Trade and other receivables (Notes 9, 17, 21, 31, 32, 35 and 40)	3,473,352	2,923,060	26,099
Other financial assets (Notes 31, 32 and 33)	203,348	148,718	1,328
Inventories (Notes 10, 17 and 31)	1,301,547	1,033,752	9,230
Biological assets (Notes 11 and 17)	69,600	65,261	583
Advance payments to suppliers	243,939	222,299	1,985
Assets classified as held for sale (Note 12)	77,045	91,864	820
Other current assets (Notes 31 and 32)	326,667	316,328	2,824
Total current assets	7,608,690	6,557,191	58,546
Non-current assets			
Investments accounted for using the equity method	3,220,455	2,869,873	25,624
Other investments (Notes 8, 17 and 31)	2,243,344	1,990,215	17,770
Trade and other receivables (Notes 9, 17, 21, 31, 35 and 40)	603,908	488,817	4,365
Other financial assets (Notes 31, 32 and 33)	112,434	139,593	1,246
Property, plant and equipment (Notes 13, 16, 17 and 36)	2,395,261	2,297,384	20,512
Investment property (Notes 14 and 17)	80,524	70,578	630
Intangible assets and goodwill (Notes 15 and 17)	329,081	291,116	2,599
Deferred tax assets (Note 29)	38,728	91,349	816
Other non-current assets (Notes 11 and 21)	141,941	120,140	1,073
Total non-current assets	9,165,676	8,359,065	74,635
Total assets (Note 7)	¥16,774,366	¥14,916,256	$133,181

See notes to the consolidated financial statements.

	Millions of Yen		Millions of U.S. Dollars (Note 2)
LIABILITIES AND EQUITY	2015	2016	2016
Current liabilities			
Borrowings (Notes 18, 31, 33, 34 and 35)	¥1,513,876	¥1,482,348	$13,235
Trade and other payables (Notes 19, 31, 34 and 40)	2,511,142	2,153,748	19,230
Other financial liabilities (Notes 31, 32, 33 and 34)	161,916	84,252	752
Advances from customers	232,165	213,058	1,903
Income tax payables	41,204	38,104	340
Provisions (Note 5, 21)	39,434	55,121	492
Liabilities directly associated with assets classified as held for sale (Note 12)	9,071	26,235	234
Other current liabilities (Notes 5, 31 and 32)	470,177	380,371	3,396
Total current liabilities	4,978,985	4,433,237	39,582
Non-current liabilities			
Borrowings (Notes 18, 31, 33, 34 and 35)	4,835,117	4,560,258	40,717
Trade and other payables (Notes 19, 31, 34 and 40)	74,123	84,078	751
Other financial liabilities (Notes 31, 32, 33 and 34)	25,851	18,647	166
Retirement benefit obligation (Note 20)	69,482	64,914	580
Provisions (Note 21)	153,596	233,779	2,087
Deferred tax liabilities (Note 29)	544,483	469,589	4,193
Other non-current liabilities	37,174	34,232	306
Total non-current liabilities	5,739,826	5,465,497	48,800
Total liabilities	10,718,811	9,898,734	88,382
Equity			
Common stock (Note 22)	204,447	204,447	1,825
Additional paid-in capital (Note 22)	266,688	262,738	2,346
Treasury stock (Note 22)	(7,796)	(14,509)	(130)
Other components of equity			
Other investments designated as FVTOCI	677,672	364,386	3,254
Cash flow hedges (Note 33)	(18,609)	(18,664)	(167)
Exchange differences on translating foreign operations	856,628	568,217	5,073
Total other components of equity (Note 23)	1,515,691	913,939	8,160
Retained earnings (Notes 8 and 22)	3,591,447	3,225,901	28,803
Equity attributable to owners of the Parent	5,570,477	4,592,516	41,004
Non-controlling interests	485,078	425,006	3,795
Total equity	6,055,555	5,017,522	44,799
Total liabilities and equity	¥16,774,366	¥14,916,256	$133,181

See notes to the consolidated financial statements.

Consolidated Statement of Income

For the years ended March 31, 2015 and 2016

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2015	2016	2016
Revenues (Notes 7, 25, 27 and 33)	¥7,669,489	¥6,925,582	$61,836
Cost of revenues (Notes 10, 15, 27 and 33)	(6,459,595)	(5,826,705)	(52,025)
Gross profit (Note 7)	1,209,894	1,098,877	9,811
Selling, general and administrative expenses (Notes 15, 20 and 26)	(998,751)	(1,015,968)	(9,071)
Gains on investments (Notes 27, 31, 33 and 39)	45,351	46,334	414
Reversal of impairment losses from investment accounted for using the equity method (Note 40)	94,247	—	—
Gains on disposal of property, plant and equipment	21,937	21,392	191
Impairment losses on property, plant and equipment and others (Notes 13, 14, 15 and 16)	(115,208)	(102,544)	(916)
Other income (expense)-net (Notes 11, 15, 16, 21, 27, 28, 33 and 35)	(45,411)	(37,787)	(337)
Finance income (Notes 8 and 27)	204,920	123,124	1,099
Finance costs (Notes 27 and 33)	(46,075)	(50,862)	(454)
Share of profit (loss) of investments accounted for using the equity method (Notes 7 and 40)	203,818	(175,389)	(1,566)
Profit (loss) before tax	574,722	(92,823)	(829)
Income taxes (Note 29)	(168,331)	(39,841)	(356)
Profit (loss) for the year	¥406,391	¥(132,664)	$(1,185)
Profit (loss) for the year attributable to:			
Owners of the Parent (Note 7)	¥400,574	¥(149,395)	$(1,334)
Non-controlling interests	5,817	16,731	149
	¥406,391	¥(132,664)	$1,185
Profit (loss) for the year attributable to Owners of the Parent per share (in Yen)			
Basic (Note 30)	¥246.39	¥(93.68)	$(0.84)
Diluted (Note 30)	245.83	(93.68)	(0.84)

See notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the years ended March 31, 2015 and 2016

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2015	2016	2016
Profit (loss) for the year	¥406,391	¥(132,664)	$(1,185)
Other comprehensive income (loss), net of tax			
Items that will not be reclassified to profit or loss for the year:			
Gains (losses) on other investments designated as FVTOCI (Note 23)	62,063	(294,716)	(2,631)
Remeasurement of defined benefit pension plans (Note 23)	28,447	(49,636)	(443)
Share of other comprehensive income of investments accounted for using the equity method (Notes 23 and 40)	(2,498)	(25,493)	(228)
Total	88,012	(369,845)	(3,302)
Items that may be reclassified to profit or loss for the year:			
Cash flow hedges (Note 23)	(6,588)	2,259	20
Exchange differences on translating foreign operations (Note 23)	180,211	(274,809)	(2,454)
Share of other comprehensive income of investments accounted for using the equity method (Notes 23 and 40)	46,799	(35,336)	(315)
Total	220,422	(307,886)	(2,749)
Total other comprehensive income (loss) (Note 23)	308,434	(677,731)	(6,051)
Total comprehensive income	¥714,825	¥(810,395)	$(7,236)
Comprehensive income attributable to:			
Owners of the Parent	¥686,900	¥(788,323)	$(7,039)
Non-controlling interests	27,925	(22,072)	(197)
	¥714,825	¥(810,395)	$(7,236)

See notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the years ended March 31, 2015 and 2016

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2015	2016	2016
Common stock: (Note 22)			
Balance at the beginning of the year	¥204,447	¥204,447	$1,825
Balance at the end of the year	204,447	204,447	1,825
Additional paid-in capital: (Note 22)			
Balance at the beginning of the year	265,356	266,688	2,381
Compensation costs related to stock options (Note 24)	1,346	1,175	10
Sales of treasury stock upon exercise of stock options	(1,379)	(1,268)	(11)
Equity transactions with non-controlling interests and others (Note 39)	1,365	(3,857)	(34)
Balance at the end of the year	266,688	262,738	2,346
Treasury stock: (Note 22)			
Balance at the beginning of the year	(14,081)	(7,796)	(70)
Sales of treasury stock upon exercise of stock options	2,989	2,937	26
Purchases and sales—net	(60,013)	(99,969)	(892)
Cancellation	63,309	90,319	806
Balance at the end of the year	(7,796)	(14,509)	(130)
Other components of equity: (Note 23)			
Balance at the beginning of the year	1,259,252	1,515,691	13,533
Other comprehensive income (loss) attributable to owners of the Parent	286,326	(638,928)	(5,705)
Transfer to retained earnings	(29,887)	37,176	332
Balance at the end of the year	1,515,691	913,939	8,160
Retained earnings: (Note 22)			
Balance at the beginning of the year	3,352,692	3,591,447	32,066
Profit (loss) for the year attributable to owners of the Parent	400,574	(149,395)	(1,334)
Cash dividends paid to owners of the Parent	(127,437)	(88,223)	(788)
Sales of treasury stock upon exercise of stock options	(960)	(433)	(3)
Cancellation of treasury stock	(63,309)	(90,319)	(806)
Transfer from other components of equity	29,887	(37,176)	(332)
Balance at the end of the year	3,591,447	3,225,901	28,803
Equity attributable to owners of the Parent	5,570,477	4,592,516	41,004
Non-controlling interests:			
Balance at the beginning of the year	471,704	485,078	4,331
Cash dividends paid to non-controlling interests	(24,212)	(25,199)	(225)
Equity transactions with non-controlling interests and others	9,661	(12,801)	(114)
Profit for the year attributable to non-controlling interests	5,817	16,731	149
Other comprehensive income (loss) attributable to non-controlling interests (Note 23)	22,108	(38,803)	(346)
Balance at the end of the year	485,078	425,006	3,795
Total equity	¥6,055,555	¥5,017,522	$44,799
Comprehensive income attributable to:			
Owners of the Parent	¥686,900	¥(788,323)	$(7,039)
Non-controlling interests	27,925	(22,072)	(197)
Total comprehensive income	¥714,825	¥(810,395)	$(7,236)

See notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended March 31, 2015 and 2016

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2015	2016	2016
Operating activities:			
Profit (loss) for the year	¥406,391	¥(132,664)	$(1,185)
Adjustments to reconcile profit (loss) for the year to net cash provided by operating activities:			
Depreciation and amortization	206,559	219,699	1,962
Gains on investments	(45,351)	(46,334)	(414)
Reversal of impairment losses from investment accounted for using the equity method	(94,247)	—	—
Losses on property, plant and equipment	93,271	81,152	725
Finance income — net of finance costs	(158,845)	(72,262)	(645)
Share of (profit) loss of investments accounted for using the equity method	(203,818)	175,389	1,566
Income taxes	168,331	39,841	356
Changes in trade receivables	249,283	300,823	2,686
Changes in inventories	71,875	211,722	1,890
Changes in trade payables	(156,622)	(293,040)	(2,616)
Other — net	57,860	85,751	765
Dividends received	383,007	216,206	1,930
Interest received	79,706	87,112	778
Interest paid	(67,683)	(70,594)	(630)
Income taxes paid	(191,453)	(102,696)	(917)
Net cash provided by operating activities	798,264	700,105	6,251
Investing activities:			
Payment for property, plant and equipment	(307,539)	(249,062)	(2,224)
Proceeds from disposal of property, plant and equipment	147,181	45,582	407
Payments for investment property	(17,586)	(23,317)	(208)
Proceeds from disposal of investment property	38,135	28,233	252
Purchases of investments accounted for using the equity method (Note 40)	(167,203)	(336,495)	(3,004)
Proceeds from disposal of investments accounted for using the equity method	164,642	68,749	614
Acquisitions of businesses — net of cash acquired (Note 38)	(154,449)	(12,873)	(115)
Proceeds from disposal of businesses — net of cash divested	8,889	12,208	109
Purchases of other investments (Note 31)	(76,359)	(314,697)	(2,810)
Proceeds from disposal of other investments	79,448	139,489	1,245
Increase in loans receivable	(72,913)	(77,302)	(690)
Collection of loans receivable	213,007	290,513	2,594
Net (increase) decrease in time deposits	(10,105)	(74,882)	(669)
Net cash used in investing activities	(154,852)	(503,854)	(4,499)
Financing activities:			
Net increase (decrease) in short-term debts	(73,876)	(19,719)	(176)
Proceeds from long-term debts — net of issuance costs (Note 18)	1,080,358	979,730	8,748
Repayment of long-term debts	(1,097,693)	(1,109,316)	(9,905)
Dividends paid to owners of the Parent	(127,437)	(88,223)	(788)
Dividends paid to non-controlling interests	(24,212)	(25,199)	(225)
Payment for acquisition of subsidiary's interests from the non-controlling interest	(12,873)	(6,001)	(54)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	9,762	2,976	27
Net (increase) decrease in treasury stock	(59,363)	(98,776)	(882)
Net cash used in financing activities	(305,334)	(364,528)	(3,255)
Effect of exchange rate changes on cash and cash equivalents	55,075	(55,952)	(499)
Net increase (decrease) in cash and cash equivalents	393,153	(224,229)	(2,002)
Cash and cash equivalents at beginning of the year	1,332,036	1,725,189	15,403
Cash and cash equivalents at the end of the year	¥1,725,189	¥1,500,960	$13,401

See notes to the consolidated financial statements

Notes to Consolidated Financial Statements

1. REPORTING ENTITY

Mitsubishi Corporation (the "Parent") is a public company located in Japan. The Parent, together with its consolidated domestic and foreign subsidiaries (collectively, the "Company"), is a diversified organization engaged in a wide variety of business activities, providing various types of products and services on a global basis. Through the Company's domestic and overseas network, the Company is engaged in general trading, including the purchasing, supplying and manufacturing of a wide range of products related to energy, metals, machinery, chemicals and living essentials, in addition to natural resources development, infrastructure-related businesses and financial businesses. The Company is also engaged in the development of new business models in the new energy, environmental and new technology fields. The principal business activities of the Company are disclosed in Note 7 "Segment information". The consolidated financial statements of the Parent comprise the accounts of the Company, including the interests in associates and joint arrangements.

2. BASIS OF PREPARATION

(1) Compliance with International Financial Reporting Standards (IFRS)
These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

(2) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities that are measured at their fair values at the end of each reporting period, as stated in Note 3 "Significant accounting policies".

(3) Functional currency and presentation currency
The consolidated financial statements are presented in Japanese yen, which is the Parent's functional currency. All financial information presented in Japanese yen is rounded to the nearest million Japanese yen. Translation of Japanese yen amounts into U.S. dollars 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 ¥112=US$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.

(4) New major standards and interpretations applied
The Company did not apply such standards and interpretations.

(5) Significant accounting judgments, estimates and assumptions
In preparing IFRS-compliant consolidated financial statements, management is required to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the future periods affected by such revisions.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3 Significant accounting policies (1) Basis of consolidation
- Note 3 Significant accounting policies (3) Financial instruments
- Note 3 Significant accounting policies (9) Lease

Significant changes in accounting judgments, estimates and assumptions in the consolidated financial statements for the year ended March 31, 2016 are included in the following notes:

- Segment information: Note 7
- Trade and other receivables: Note 9
- Property and equipment: Note 13

- Provisions: Note 21
- Income taxes: Note 29
- Fair value measurement: Note 31
- Interests in joint arrangements and associates: Note 40

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2017 is included in the following notes:

- Fair value of financial instruments: Notes 8, 31
- Impairment of financial assets: Note 9
- Impairment of non-financial assets: Notes 13, 14, 15, 16
- Measurement of defined benefit obligation: Note 20
- Provisions: Note 21
- Recoverability of deferred tax assets: Note 29

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of consolidation

(i) Subsidiaries

The Parent consolidates the investees that it directly or indirectly controls. Therefore, the Company generally consolidates its majority-owned subsidiaries. However, even in cases where the Company does not own the majority of voting rights, if the Company is deemed to effectively control the decision-making body, the investee is treated as a consolidated subsidiary. In cases where the Company has the majority of voting rights in a company but other shareholders have substantive rights to participate in the decision-making of the ordinary course of business of the Company, the Company does not have control, and the equity method is applied.

The consolidated financial statements include profit and other comprehensive income of subsidiaries from the day on which control was obtained to the day on which control was lost. Adjustments have been made to the financial statements of subsidiaries, to adhere to the accounting policies adopted by the Company.

All intercompany accounts and transactions have been eliminated.

Changes in ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Parent's interest and non-controlling interest is adjusted to reflect changes in their relative interest in the subsidiaries. Any difference between the amount of non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Parent.

If control over a subsidiary is lost, the difference between (a) the sum of the fair value of consideration received and the fair value of remaining interest and (b) assets (including goodwill), liabilities and the previous carrying amount of non-controlling interest of the subsidiary, is recognized in profit. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or the cost on initial recognition of investment in associates or joint venture.

Please refer to Appendix for the major consolidated subsidiaries.

(ii) Business combinations

Business combinations (acquisition of businesses) are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values at the acquisition date (i.e. the day on which the Company obtains control) of the assets transferred by the Company, the liabilities incurred by the Company to former owners of the acquiree and the equity interests issued by the Company. The Company accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except as follows:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively.
- Assets or disposal groups that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with the Standard.
- Liabilities or equity instruments related to share-based remuneration of the acquiree or share-based remuneration of the Company entered into to replace such arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment".

In cases where the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of equity interests in the acquiree held previously by the Company exceed the net amount of identifiable assets and liabilities at the acquisition date, goodwill is measured at the excess amount.

If the net amount of identifiable assets and liabilities at the acquisition date exceeds the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of equity interest in the acquiree held previously by the Company, the excess amount is immediately recognized in profit as bargain purchase gain.

In the case of a business combination achieved in stages, equity interest in the acquiree held previously by the Company is remeasured at fair value at the acquisition date (i.e. the day on which the Company obtains control), and gains or losses incurred are recognized in profit. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or other comprehensive income where such treatment would be appropriate if the interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, which does not exceed one year, the Company retrospectively adjusts the provisional amounts recognized at the acquisition date or recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

(iii) Associates and joint ventures
The equity method is applied to investments in associates and joint ventures. An associate is an entity that is not controlled solely or jointly by the Company but for which the Company is able to exert significant influence over the decisions on financial and operating or business policies. If the Company has 20% or more but no more than 50% of the voting rights of another entity, the Company is presumed to have significant influence over that entity. Entities over which the Company is able to exert significant influence on their decisions regarding financial and operating or business policies through agreements with other investors even if it holds less than 20% of the voting rights are also included in associates. On the other hand, the equity method is not applied in cases where the Company is deemed not to have significant influence even if it holds 20% or more of the voting rights.

A joint venture is a joint arrangement (i.e., arrangement of which two or more parties have joint control) whereby the parties that have joint control have rights to the net assets of an independent entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions on activities that have a significant impact on the returns of the arrangement require the unanimous consent of the parties sharing control and those activities are undertaken jointly by the parties.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the net assets of the associate or the joint venture after the date of acquisition. The Company's share of the profit or loss of the associate or the joint venture is recognized in the Company's profit or loss. The Company's share of the other comprehensive income of the associate or the joint venture is recognized in the Company's other comprehensive income. When the Company's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Company discontinues recognizing its share of further losses. After the Company's interest including any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. All profits associated with intercompany transactions, excluding business transfers, have been eliminated in proportion to interests in associates and joint ventures.

An associate or a joint venture is accounted for using the equity method from the date they become an associate or joint venture. On initial recognition, the amount of investment in excess of interests with respect to the net fair value of assets, liabilities, and contingent liabilities of associates and joint ventures is recognized as the amount corresponding to goodwill, and is included in the carrying amount of investments.

In cases where equity method investments are disposed of and significant influence is lost, remaining investments are measured at fair value at the disposal date, and are accounted for as financial assets in accordance with IFRS 9 "Financial Instruments." The difference between the previous carrying amount and fair value of the remaining investments is recognized in profit as a gain or loss on disposal of such investments. The amount previously recognized as other comprehensive income by associates and joint ventures is accounted for by determining whether or not they should be reclassified into profit as if related assets or liabilities had been directly disposed of.

(iv) Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets, and obligations for the liabilities, relating to the contractual arrangement. For investments in joint operations, only the Company's share of

assets, liabilities, revenues and expenses arising from the jointly controlled operating activities is recognized. All intercompany accounts and transactions have been eliminated in proportion to interests.

(v) Investment Entities

If an associate or a joint venture of the Company meets the definition of an investment entity, the associate or joint venture does not consolidate its subsidiaries, and measures its investment in its subsidiaries at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments." IFRS 10 "Consolidated Financial Statements" defines an investment entity as an entity that (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

(vi) Reporting Date

When the Company prepares consolidated financial statements, certain subsidiaries, associates and joint arrangements prepare financial statements with a fiscal year end on or after December 31, but prior to the Parent's fiscal year end of March 31 for which unification of the fiscal year end is impracticable, since the local legal system or contractual terms among shareholders requires the fiscal year end to be different from that of the Parent. It is also impracticable for such entities to provide the provisional settlement of accounts at the end of the reporting period of the Parent due to the characteristics of the business, operations or other practical factors. Where this is the case, adjustments have been made to the consolidated financial statements of the Company for the effects of significant transactions or events that occurred between the end of the reporting period of the subsidiaries, associates or joint arrangements and that of the consolidated financial statements.

(2) Foreign currency translation

Items denominated in foreign currencies in the financial statements are translated at the exchange rate at the transaction date, and monetary items are retranslated at the exchange rate as at the fiscal year end. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The difference arising from the retranslation of monetary items is generally recognized in "Other (expense) income - net" in the consolidated statement of income.

The assets and liabilities of foreign operations are translated into Japanese yen at the respective year-end exchange rates. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period. Exchange differences arising from translation are recognized in other comprehensive income and accumulated in "Other components of equity" on past-tax basis.

In the event of a loss of control due to the disposal of foreign operations, the cumulative amount of exchange difference is reclassified into profit. In the case of partial disposal that does not lead to the loss of control of a subsidiary, the ratio of ownership interest in the cumulative amount of exchange difference is reallocated to non-controlling interests, but no amount is recognized in profit. In other cases of partial disposal that lead to the loss of significant influence or joint control, the amount proportionate to the disposal of the cumulative amount of exchange difference is reclassified into profit.

Goodwill and fair value adjustments resulting from the acquisition of foreign operations are retranslated as assets and liabilities of such foreign operations as at the end of the reporting period, and exchange differences are recognized in "Other components of equity" and accumulated in equity.

(3) Financial instruments

The Company early-applied IFRS 9 "Financial Instruments" (revised in December 2011) prior to January 1, 2015 and early-applied IFRS 9 "Financial Instruments" (revised in November 2013) from January 1, 2015. Accordingly, the Company has accounted for all hedging relationships designated on or after January 1, 2015 based on the requirements of IFRS 9 "Financial Instruments" (revised in November 2013).

(i) Non-derivative financial assets

The Company recognizes trade and other receivables on the date they arise. The Company recognizes all other financial assets at the trade date on which the Company became a party to the contract concerning such financial instruments.

The Company recognizes financial assets at fair value. Financial assets not recorded at fair value through profit or loss also include transaction costs that are directly attributable to the acquisition of the financial assets. After initial recognition, financial assets are measured either at amortized cost or at fair value.

(ii) Financial assets measured at amortized cost
Financial assets are measured at amortized cost using the effective interest method if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received, transaction costs, and other premium/discounts) through the expected life of a financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition.

In cases where a financial asset measured at amortized cost is derecognized, the difference between the carrying amount and the consideration received or receivable is recognized in profit or loss.

(iii) Impairment of financial assets measured at amortized cost
The Company assesses evidence of impairment of financial assets measured at amortized cost individually and as a whole. For assets for which the contractual cash flows are unlikely to be recovered in full, impairment is assessed on an individual basis. Investment rating, contractual nature of the investments, underlying collateral, rights to, and advantages of the investment's cash flows and the condition of the issuers are assessed comprehensively when recognizing and measuring the impairment. Assets for which impairment need not be assessed individually are assessed collectively to determine whether or not there is any impairment that has occurred but has not been identified. When assessing assets collectively for impairment, the amount expected to be irrecoverable is calculated based on the historical loss rate, probability of default, etc. When impairment is recognized, the carrying amount of the financial asset shall be reduced either directly or through use of an allowance account.

(iv) Financial assets measured at fair value
Financial assets other than those measured at amortized cost are measured at fair value, and changes in their fair value are recognized as profit or loss (FVTPL). However, the Company elects to designate some equity instruments as financial assets measured at fair value through other comprehensive income (FVTOCI) if the investments are not held for trading. A financial asset is classified as held for trading if:

(a) It has been acquired or incurred principally for the purpose of selling it in the near term; or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or

(c) It is a derivative (except for derivatives that are financial guarantee contracts or designated and effective hedging instruments).

Changes in the fair value of financial assets measured at FVTOCI are directly transferred from other comprehensive income to retained earnings in the event of derecognition of such assets, and are not recognized in profit or loss. Dividend income from financial assets measured at FVTOCI is recognized in profit or loss, as part of finance income at the time when the right to receive payment of the dividend is established.

(v) Derecognition of financial assets
The Company derecognizes financial assets when and only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred. In cases where the Company neither transfers nor retains substantially all the risks and rewards of ownership but continues to control the assets transferred, the Company recognizes the retained interest in assets and related liabilities that might be payable.

(vi) Cash and cash equivalents
Cash equivalents are short term (original maturities of three months or less), highly liquid investments (including mainly short-term time deposits) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(vii) Non-derivative financial liabilities

The Company initially recognizes debt securities and subordinated debt instruments issued by the Company on the issue date. All other financial liabilities are recognized on the transaction date on which the Company becomes a party to the contract concerning the financial instruments.

The Company derecognizes financial liabilities when the obligation specified in the contract is discharged or canceled or expires.

Financial liabilities are initially recognized at fair value, net of direct transaction costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments (including all fees paid, transaction costs, and other premium/discounts) through the expected life of the financial liability, or a shorter period (where appropriate) to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

(viii) Equity

Common stock

The amount of equity instruments issued by the Parent are recognized in common stock and additional paid-in capital, and direct issue costs (net of tax) are deducted from additional paid-in capital.

Treasury stock

When the Company acquires treasury stock, the sum of the consideration paid and direct transaction costs after tax is recognized as a deduction from equity.

(ix) Hedge accounting and derivatives

The Company utilizes derivative instruments primarily to manage interest rate risks, to reduce exposure to movements in foreign exchange rates, and to hedge the commodity price risk of various inventory and trading commitments. All derivative instruments are reported at fair value as assets or liabilities.

In the case where transactions which can mitigate market risk cannot be utilized, the Company applies hedge accounting by designating such derivatives and non-derivative financial instruments such as foreign-currency-denominated debt as a hedging instrument of either a fair value hedge, a cash flow hedge or a hedge on net investment in foreign operations, to the extent that hedging criteria are met.

The Company assesses hedge effectiveness at the start of the hedging relationship, quarterly, or when a significant change impacting on hedge effectiveness occurs by confirming whether or not the relationship is such that changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are substantially offset by changes in the fair value or cash flows of the hedging instrument. The effect of credit risk on hedging relationship is immaterial.

Fair value hedges

Derivative instruments designated as hedging instruments of fair value hedges primarily consist of interest rate swaps used to convert fixed-rate financial assets or debt obligations to floating-rate financial assets or debt. Changes in fair values of hedging derivative instruments are recognized in profit, offset against the changes in the fair value due to the risk of the related financial assets, financial liabilities, and firm commitments being hedged and are included in "Other (expense) income - net" in the consolidated statement of income.

The application of hedge accounting is discontinued in cases where the Company revokes the hedging relationship, in cases where the hedging instrument expires or is sold, terminated, or exercised, and in cases where it no longer qualifies for hedge accounting. Effective from the early application of IFRS 9 "Financial Instruments" (revised in November 2013), hedging relationships may not be voluntarily revoked unless there is a change in the risk management objective. Accordingly, in cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the Company adjusts the hedging ratio to reestablish the effectiveness of the hedging relationship. Furthermore, the Company discontinues the application of hedge accounting in cases where there is a change in the risk management objective for the hedging relationship. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit from the date on which the Company discontinues hedge accounting.

Cash flow hedges

Derivative instruments designated as hedging instruments of cash flow hedges include interest rate swaps to convert floating-rate financial liabilities to fixed-rate financial liabilities, and forward exchange contracts to eliminate variability in functional-currency-equivalent cash flows on forecasted sales transactions. Additionally, commodity swaps and futures contracts that qualify as cash flow hedges are utilized. The effective portion of changes in the fair values of derivatives that are designated as cash flow hedges are deferred and recognized in other comprehensive income and accumulated in Other components of equity. Derivative unrealized gains and losses included in Other components of equity are reclassified into profit at the time that the associated hedged transactions are recognized in profit. Any ineffectiveness is recognized directly in profit.

The application of hedge accounting is discontinued in cases where the Company revokes the hedging relationship, in cases where the hedging instrument expires or is sold, terminated, or exercised, or in cases where it no longer qualifies for hedge accounting. Effective from the early application of IFRS 9 "Financial Instruments" (revised in November 2013), hedging relationships may not be voluntarily revoked unless there is a change in the risk management objective. Accordingly, in cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the Company adjusts the hedging ratio to reestablish the effectiveness of the hedging relationship. Furthermore, the Company discontinues the application of hedge accounting in cases where there is a change in the risk management objective for the hedging relationship. Any gain or loss recognized in other comprehensive income and accumulated in Other components of equity at the time of discontinuing hedge accounting remains in equity and is reclassified into profit when the forecasted transaction is ultimately recognized in profit. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in Other components of equity is recognized immediately in profit.

Hedges of net investment in foreign operations

The Company uses forward exchange contracts and non-derivative financial instruments such as foreign-currency-denominated debt in order to reduce the foreign currency exposure in the net investment in a foreign operation. The effective portion of changes in fair values and other hedging instruments are accumulated in "Exchange differences on translating foreign operations" within "Other components of equity".

Derivative instruments used for other than hedging activities

The Company enters into commodity and financial derivative instruments as part of its brokerage services in commodity futures markets and its trading activities. The Company clearly distinguishes derivatives used for brokerage services and trading activities from derivatives used for risk management purposes. As part of its internal control policies, the Company has set strict limits on the positions which can be taken in order to manage potential losses for these derivative transactions, and periodically monitors the open positions for compliance.

Changes in fair value of derivatives not designated as hedging instruments and held or issued for trading purposes are recognized in profit.

(x) Financial guarantee contracts

Liabilities under financial guarantee contracts issued by the Company are initially measured at fair value, and if not designated as FVTPL, are measured at the higher of:

- The amount of contractual obligations calculated in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; or
- The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with accounting policies for revenue recognition.

(xi) Offsetting financial assets and financial liabilities

If the Company currently has a legally enforceable right to set off the recognized amount of financial assets against the recognized amount of financial liabilities and has the intention either to settle on a net basis or to realize assets and settle liabilities simultaneously, the Company offsets financial assets against financial liabilities and presents the net amount in the consolidated statement of financial position.

(4) Inventories

Inventories are recognized at the lower of cost or net realizable value based on the moving average method or identified cost method. Net realizable value is presented in the amount of estimated selling price of inventories, less the estimated costs of

completion and the estimated costs necessary to make the sale.
Inventories acquired with the purpose of generating a profit from short-term price fluctuations are measured at fair value less costs to sell.

(5) Biological assets
Biological assets are measured at fair value less costs to sell, with any changes therein recognized in profit.

Costs to sell include all costs that would be necessary to sell the assets, including transportation costs. Agricultural produce harvested from biological assets is reclassified into inventories at fair value less costs to sell at the point of harvest.

(6) Property, plant and equipment
(i) Recognition and measurement
Property, plant and equipment are recognized at cost, net of accumulated depreciation and accumulated impairment losses.

Cost includes the expenses directly attributable to the acquisition of the assets, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs to be capitalized. If the useful life of property, plant and equipment varies from component to component, each component is recognized as a separate item of property, plant and equipment.

(ii) Depreciation
Land is not depreciated. Depreciation of other classes of property, plant and equipment is calculated based on the depreciable amount. The depreciable amount is calculated by deducting the residual value from the cost of the asset or the amount equivalent to the cost. Depreciation of property, plant and equipment other than mineral resources-related property is calculated principally using the straight-line method for buildings and structures, the straight-line or declining-balance method for machinery and equipment, and the straight-line method for aircraft and vessels mainly over the following estimated useful lives.

Buildings and structures	2 to 60 years
Machinery and equipment	2 to 40 years
Aircraft and vessels	5 to 25 years

Assets related to the acquisition of contractual right for the exploration, evaluation, development, and production of oil and gas or mining resources are classified as mineral resources-related property.

Mineral resources-related property is amortized principally using the unit-of-production method based on the proven or probable reserves. Improvements in finance lease assets are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

The above depreciation method was adopted as it most closely reflects the pattern in which the asset's future economic benefits are expected to be consumed.

The depreciation method, estimated useful life and residual value are reviewed at each period end, and amended as necessary.

(iii) Derecognition
The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit when the item is derecognized.

(7) Investment property
Investment property is property held to earn rentals, for long-term capital appreciation or both. Real estate held for sale in the ordinary course of business (real estate held for development and resale) and real estate held to use in the production or supply of goods or services or for administrative purposes (property, plant and equipment) are not included. The Company applies the cost method to investment property, and measures investment property at cost, net of accumulated depreciation and accumulated impairment losses. Investment property is depreciated using the straight-line method over its estimated useful life, which is mainly 5 to 50 years. An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss arising from the derecognition of an investment property is included in profit when the investment property is derecognized.

(8) Intangible assets and goodwill

(i) Research and development costs

Expenditures related to research activities to obtain new scientific or technical knowledge and understanding are recognized as an expense as incurred. Development costs are capitalized only if they are reliably measurable, the product or process is technically and commercially feasible, it is probable that future economic benefits will be generated, and the Company has the intention and sufficient resources to complete the development and to use or sell them. Other development costs are recognized as an expense as incurred.

(ii) Other intangible assets

Other intangible assets with finite useful lives acquired by the Company are measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized but measured at cost, net of accumulated impairment losses.

(iii) Goodwill

Initial recognition

Goodwill arising from acquisition of subsidiaries is included in "Intangible assets and goodwill" in the consolidated statement of financial position. Measurement of goodwill at the time of initial recognition is described in (1) Basis of consolidation (ii) Business combinations above.

Measurement after initial recognition

Goodwill is measured at cost, net of accumulated impairment losses. The carrying amount of investments accounted for using the equity method includes the carrying amount of goodwill.

At the time of disposal of related cash-generating units, goodwill is derecognized and the amount is recognized in profit.

(iv) Amortization

Other than goodwill and intangible assets with indefinite useful lives, intangible assets are amortized under the straight-line method over their estimated useful lives from the day on which the assets became available for use.

The estimated useful life of each asset is mainly as follows.

Software	1 to 15 years
Customer relationships	5 to 24 years
Trade names	5 to 23 years
Trademarks and leaseholds	5 to 50 years

The amortization method, estimated useful life, and residual value are reviewed at each period end, and amended as necessary.

(9) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Leases other than finance leases are classified as operating leases.

(i) Lease as lessor

Amounts due from lessees under finance leases are recognized as "Trade and other receivables" at the amount of net investment in the leases, and unearned income is allocated over the lease term at a constant periodic rate of return on the net investments and recognized in the fiscal year to which is attributable.

Operating lease income is recognized over the term of underlying leases on a straight-line basis.

(ii) Lease as lessee

Lease assets and lease liabilities under finance leases are initially recognized at the lower of the present value of minimum lease payments or the fair value at the inception the lease. After initial recognition, lease assets are accounted for according to the accounting policies applied to the assets. Lease payments are allocated at a constant periodic rate to the balance of lease liabilities, and are accounted for as a reduction in the amount of finance cost and lease liabilities.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(10) Oil and gas exploration and development

Oil and gas exploration and evaluation activity includes:

- Acquisition of rights to explore;
- Gathering exploration data through topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching and sampling;
- Evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation expenditures such as geological and geophysical cost, are expensed as incurred. Exploration and evaluation expenditures such as costs of acquiring properties, drilling, and equipping exploratory wells and related plant and equipment are capitalized as property, plant and equipment or intangible assets.

The capitalized exploration and evaluation expenditure is not depreciated until production commences. Capitalized exploration and evaluation expenditures are monitored for indications of impairment. If the capitalized expenditure is determined to be impaired, an impairment loss is recognized based on the fair value.

When capitalized exploration and evaluation expenditure has been established as commercially viable by a final feasibility study, subsequent development expenditures are capitalized and amortized using the unit-of-production method.

(11) Mining operations

Mining exploration costs are recognized as an expense 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 and are amortized using the unit-of-production method based on the proven and probable reserves.

The stripping costs incurred during the production phase of a mine are accounted for as variable production costs and are included in the costs of the inventory produced during the period that the stripping costs are incurred. To the extent the benefit is improved access to ore, the stripping costs are recognized as a property, plant and equipment or an intangible asset.

For capitalized costs related to mining operations, impairment loss is recognized based on the fair value if it is determined that commercial production cannot commence or capitalized costs are not recoverable.

(12) Non-current assets held for sale

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction rather than through continuing use, the Company classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets. This condition is regarded as met only when the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

(13) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(14) Impairment of non-financial assets

(i) Assessment for impairment

If there are any events or changes in circumstances indicating that the carrying amount of the Company's non-financial assets excluding inventories and deferred tax assets may not be recoverable, the recoverable amount of such assets are estimated by assuming that there are indications of impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually or more frequently if indicators of impairment are present. Goodwill that constitutes part of the carrying amount of investments accounted for using the equity method is not recognized separately, and is not tested for impairment on an individual basis. However, the total amount of investments accounted for using the equity method is assessed for indications of impairment and tested for impairment by treating it as a single asset.

Assessment for impairment is performed with respect to each asset, cash-generating unit or group of cash-generating units. If the carrying amount of the asset, cash-generating unit, or group of cash-generating units exceeds its recoverable amount, an impairment loss is recognized in profit or loss.

The recoverable amount of the asset, cash-generating unit or group of cash-generating units is the higher of the value in use or the fair value less costs to sell. Value in use is calculated by discounting the estimated future cash flows to the present value using the pre-tax discount rate reflecting the risks specific to the asset or the cash-generating unit.

(ii) Cash-generating units
In cases where cash flows are generated by multiple assets, the smallest unit that generates cash flows more or less independently from cash flows of other assets or groups of assets is referred to as a cash-generating unit.

A cash-generating unit, including goodwill, is set as the smallest unit at which the goodwill is monitored for internal management purposes and is a smaller unit than the operating segment. If impairment loss is recognized in relation to a cash-generating unit, the carrying amount of any goodwill allocated to the cash-generating unit is reduced first, and if there is any residual amount, other assets of the unit are reduced pro rata on the basis of the carrying amount of each asset in the unit.

(iii) Reversal of impairment loss
Impairment recognized in the past is reversed if there are indications of reversal of impairment and changes in the estimates used to determine the asset's recoverable amount. Reversal of impairment loss is recognized up to the carrying amount which is calculated on the basis that no impairment loss for the asset had been recorded in prior years. However, impairment loss recognized for goodwill is not reversed.

(15) Post-employment benefits
The Company has adopted defined benefit plans and defined contribution plans.

(i) Defined benefit plans
Obligations related to defined benefit plans are recognized in the amount of benefit obligations under such plans, net of the fair value of pension assets, in the consolidated statement of financial position. Any surplus resulting from this calculation is limited to the present value of any economic benefit available in the form of refunds from the plans or reductions in future contributions to the plans. Benefit obligations are calculated at the discounted present value of the amount of estimated future benefits corresponding to the consideration for services already provided by employees with respect to each plan. The Company re-measures benefit obligations using information provided by qualified actuaries and pension in each period.

Increases or decreases in benefit obligations for employees' past services due to the revision of the pension plan are recognized in profit or loss.

The Company recognizes the increases or decreases in obligations due to the remeasurement of benefit obligations and pension assets of defined benefit plans in other comprehensive income and such increases or decreases are recorded in "Other components of equity" which are immediately reclassified into "Retained earnings".

(ii) Defined contribution plans
Some subsidiaries have adopted defined contribution plans. Defined contribution plans are post-employment benefit plans in which the employer makes a certain amount of contributions to fund post-employment benefits and does not bear more obligations than the amount contributed. Obligations to make contributions under defined contribution plans are recognized in profit or loss as expenses in the period during which services were provided by employees.

(16) Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations, and is discounted when the time value of money is material.

Provision for decommissioning and restoration

The provision for decommissioning and restoration is reviewed each period and adjusted to reflect developments that could include changes in closure dates, legislation, discount rate or estimated future costs. The amount recognized as a liability for decommissioning and restoration is calculated as the present value of the estimated future costs determined in accordance with local conditions and requirements. An amount corresponding to the provision is capitalized as part of "Property, plant and equipment" and "Investment property" and is depreciated over the life of the corresponding asset. The impact of unwinding of the discount rate applied in establishing the net present value of the provision is recognized in "Finance costs." The applicable discount rate is a pre-tax rate that reflects the current market assessment of the time value of money.

(17) Stock-based compensation

Stock-based compensation cost is measured at the grant date, based on the estimated fair value of stock-based awards made to directors other than outside directors and executive officers, and is recognized on a straight-line basis over the vesting period with a corresponding increase in equity. The fair values of stock options are estimated using the Black-Scholes option-pricing model.

(18) Revenues

The Company recognizes revenues for each transaction. In principle, the unit of transactions is a single contract. However, in certain circumstances, it is necessary to apply the recognition criteria to separately identifiable components as multiple units in a single contract in order to reflect the substance of the transaction. Conversely, the recognition criteria are applied to two or more contracts together as a single unit when they are linked in such a way that the commercial interest can be achievable with a series of transactions.

Revenues are measured at the fair value of consideration received or receivable.

The Company manufactures a wide variety of products, such as metals, machinery, chemicals, and general consumer merchandise, and develops natural resources. The Company also trades a wide variety of commodities and may take ownership risk of such inventory or merely facilitate the Company's customers' purchase and sale of commodities and other products where it earns a commission for this service.

Revenues from the sale of goods, including products and commodities, are recognized when all the following conditions are satisfied:

- Significant risks and rewards of ownership of the goods have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If there are any trade discounts, volume rebates, etc., with respect to revenues from the sale of products and commodities, they are deducted from revenues.

Revenues from the rendering of services are recognized when all of the following conditions are met, by reference to the stage of completion of the transaction at the end of the fiscal year:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenues are recognized only to the extent of the expenses that are deemed recoverable.

(i) Various streams of revenue

(a) Sale of products and commodities

The Company acts as a principal seller in manufacturing and other activities. It also acts as a principal in various trading transactions where the Company carries commodity inventory and generates a profit or loss on the spread between the bids and ask prices for commodities. Delivery in these transactions is considered to have occurred at the point in time when the delivery conditions, as agreed to by customers, have been met. This is generally when the goods have been delivered to and accepted by the customer, title to the goods has been transferred, or the implementation testing has been duly completed.

(b) Construction contracts

The Company enters into long-term construction contracts as part of its manufacturing business. Revenues from long-term construction projects are accounted for using the percentage-of-completion method in cases where the estimated costs to complete and extent of progress toward completion of long-term contracts are measured reliably and there is an enforceable agreement between the parties who can fulfill the obligations. Otherwise, construction revenue is recognized to the extent of construction costs that are deemed recoverable.

If the amount of cost incurred plus profit exceeds the billing amount at that point in time, the excess amount is recognized in Trade and other receivables, but if the amount is less than the billing amount at that point in time, the shortfall is recognized as Trade and other payables. Amounts received prior to the completion of work are recognized in Advances from customers.

(c) Rendering of services and other services

The Company performs other activities, which consist of services and rental or leasing activities. Service-related activities include performance of various services such as financial and logistics services, information and communications, technical support, and other service-related activities. The Company is engaged in certain rental activities or leasing of properties, including office buildings, aircraft, and other industrial assets. Revenues from service-related activities are recognized when the contracted services have been rendered to third-party customers pursuant to the agreement. Refer to (9) Leases for revenues from rental or leasing activities.

(ii) Transactions performed as an agent

The Company acts as an agent and records revenues earned from margins and commissions related to various trading transactions in which it acts as an agent. Through these trading activities, the Company facilitates its customers' purchases and sales of commodities and other products, and earns a commission for this service. The trading margins and commissions are recognized when all other revenue recognition criteria have been met.

(iii) Gross and net presentation of revenues

The Company presents revenues on a gross basis in the consolidated statement of income for transactions traded in which the Company is the primary obligor in the sale of products and commodities with general inventory risk before customer orders and in services with significant risk.

For the sale of goods, construction contracts and the rendering of services traded in which the Company acts as an agent, the revenues are presented in the consolidated statement of income on a net basis.

(19) Service concession arrangements

A service concession arrangement is an arrangement between the "grantor" (a public sector entity) and the "operator" (a private sector entity) to provide services that give the public access to major economic and social facilities utilizing private-sector funds and expertise.

With respect to service concession arrangements, revenue and costs are allocated between those relating to construction services and those relating to operation services, and are accounted for separately. Consideration received or receivable is allocated by reference to the relative fair value of services delivered when the amounts are separately identifiable.

When the amount of the arrangement consideration (including minimum revenue guarantee) for the provision of public services is substantially fixed by a contract, the Company recognizes revenues from construction services for public facilities (infrastructures) by the percentage-of-completion method, and recognizes the consideration as a financial asset. The Company accounts for such financial assets in accordance with IFRS 9 "Financial Instruments," at amortized cost, calculates interest income based on the effective interest method and recognizes it in profit.

(20) Government grants

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attached to the grants and that the grants will be received.

Government grants are recognized in profit on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are mainly conditional upon the Company acquiring non-current assets by purchase, construction or other method are recognized by deducting the grants from the carrying amount of the assets in the consolidated statement of financial position and are reclassified into profit on a systematic basis based on reasonable criteria over their useful lives.

(21) Income taxes

Income tax expenses consist of current and deferred taxes. They are recognized in profit, excluding those related to business combinations and items recognized directly in equity or other comprehensive income.

Deferred taxes are recognized for temporary differences between the financial statement and income tax bases of assets and liabilities.

For taxable temporary differences concerning subsidiaries, associates, and joint arrangements, deferred tax liabilities are recognized. However, deferred tax liabilities are not recognized in cases where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences concerning subsidiaries, associates, and joint arrangements are recognized only to the extent that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period.

Deferred tax assets are recognized only with respect to unused tax losses, unused tax credits, and deductible temporary differences where it is probable that future taxable income will be reduced. The recoverability of deferred tax assets is reviewed at the end of each period, and the Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

The Company recognizes an asset or liability for the effect of uncertainty in income taxes, and the asset or liability is measured at the amount of the reasonable estimate for uncertain tax positions when it is possible, based on the Company's interpretation of tax laws, that the tax positions will be sustained.

The Parent and its wholly owned domestic subsidiaries file a consolidated corporate income tax return as a consolidation group.

(22) Fair value measurements

Certain assets and liabilities are required to be recognized at fair value. The estimated fair values of those assets and liabilities have been determined using market information such as quoted market price and valuation methodologies such as market approach, income approach, and cost approach. There are three levels of inputs that may be used to measure fair value.

(i) Level 1

Quoted prices (unadjusted) in active markets in which transactions take place with sufficient frequency and volume on an ongoing basis for identical assets or liabilities that the Company can access at the measurement date.

(ii) Level 2

Quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

(iii) Level 3

Unobservable inputs for the assets or liabilities that reflect the assumptions that market participants would use when pricing the assets or liabilities. The Company develops unobservable inputs using the best information available in the circumstances, which might include the Company's own data.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

New or revised major Standards and Interpretations that were issued as of the date of approval of the consolidated financial statements but were not yet applied by the Company as of March 31, 2016 are as follows. As of March 31, 2016, potential impacts that application of these standards will have on the consolidated financial statements cannot be reasonably estimated.

Standards and Interpretations	Title	Date of mandatory application (fiscal year of commencement thereafter)	Reporting periods of application by the Company (The reporting period ended)	Overview of new/revised Standards and Interpretations
IFRS 11 (Revised)	Joint Arrangements	January 1, 2016	March 31, 2017	Clarification of the accounting for acquisitions of interests in joint operations
IAS 7 (Revised)	Statement of Cash Flows	January 1, 2017	March 31, 2018	Additional disclosure requirements for reconciliation of liabilities arising from financing activities
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	March 31, 2019	Changes in accounting and disclosure requirements for revenue recognition
IFRS 9 (Revised in July 2014)	Financial Instruments	January 1, 2018	March 31, 2019	Partial changes in classification and measurement of financial instruments, and implementation of expected credit loss model for impairment losses
IFRS 16	Leases	January 1, 2019	undecided	Changes in accounting and disclosure requirements for operating leases in the financial statements of lessees

5. RECLASSIFICATION

From the year ended March 31, 2016, "Provisions" has been presented separately in "Current liabilities" on the consolidated statement of financial position due to an increase in its significance. Accordingly, "Provisions" has also been reclassified and presented separately from "Other current liabilities" on the consolidated statement of financial position as of March 31, 2015.

6. BUSINESS COMBINATIONS

The significant business combination during the year ended March 31, 2015 was as follows:

Acquisition of Cermaq ASA

On October 23, 2014 (the acquisition date), the Company acquired through a voluntary cash tender offer 92.16% of voting rights in Cermaq ASA ("Cermaq", currently renamed as "Cermaq Group AS"), a company listed on the Oslo Stock Exchange, involved in the business of salmon farming. On November 4, 2014, the Company completed a compulsory acquisition of the remaining 7.84% in accordance with applicable laws, and as a consequence, has become the owner of all outstanding shares of Cermaq. Through the acquisition, the Company intends to combine its production know-how and business foundation accumulated in the food sector with Cermaq's scale and sector expertise to expand globally in the seafood business and, in so doing, contribute to securing a safe and sustainable food supply network.

The following table summarizes the estimated fair values of consideration paid, as well as the assets acquired and liabilities assumed at the date of acquisition.

	Millions of Yen
	2015
Fair value of consideration paid	¥143,932
Fair value of assets acquired, liabilities assumed and goodwill:	
Cash and cash equivalents	¥2,223
Trade and other receivables (current)	18,982
Inventories	8,609
Biological assets	60,844
Property, plant and equipment	34,818
Intangible assets	87,957
Goodwill	27,055
Other assets	4,329
Current liabilities	(70,388)
Non-current liabilities	(30,497)
Total	¥143,932

The goodwill consisted primarily of excess earnings and synergies with the existing operations and was non-deductible for tax purposes.

The amounts of revenue and profit or loss since the acquisition date and pro forma results of operations for the above business combinations are not presented because the effects are immaterial to the consolidated financial statements.

The significant business combination for the year ended March 31, 2016 was as follows:

Hunter Valley Operations

Through an Australian resource related subsidiary, Mitsubishi Development Pty Ltd (MDP), the Parent held 20% of the voting rights of an Australian thermal coal sales and production company, Coal & Allied Industries Limited (C&A), and had applied the equity-method to the investment.

On February 2, 2016, the Company sold all of the shares of C&A to Rio Tinto Limited (Rio Tinto), a joint venture partner, and on February 3, 2016 (the acquisition date) acquired a 32.4% interest in a coal mine, Hunter Valley Operations (HVO), in which C&A had owned a 100% interest. The consideration for HVO was offset by the consideration for the shares of C&A, and the remaining amount was settled in cash with Rio Tinto.

There is an arrangement requires that resolutions of all important matters that affect the profit from the coal mine are decided by unanimous consent of the Company and the partner, Rio Tinto, (arrangement of joint control), and therefore the Company and the partner, Rio Tinto, have rights to the assets and obligations for the liabilities relating to the arrangement in substance.

For these reasons, the Company has accounted for the investment in HVO as a joint operation.

The reason for selling the shares of C&A, which invests in several coal mines, and acquiring the interest of HVO is that HVO has the richest resource reserve and also has future upside potential in the coal mine in which C&A has invested.

The following table summarizes the estimated fair values of the consideration paid, as well as the assets acquired and liabilities assumed at the date of acquisition.

As the initial measurement for the business combination has not been completed, the Company reported provisional amounts for the items in the consolidated financial statements.

	Millions of Yen	Millions of U.S. Dollars
	2016	2016
Fair value of consideration paid	¥121,641	$1,086
Fair value of assets acquired, liabilities assumed and goodwill:		
Trade and other receivables (current)	¥642	$6
Inventories	1,624	14
Property, plant and equipment	126,637	1,131
Current liabilities	(4,386)	(39)
Non-current liabilities	(2,876)	(26)
Total	¥121,641	$1,086

The amounts of revenue and profit or loss since the acquisition date and pro forma results of operations for the above business combinations are not presented because the effects are immaterial to the consolidated financial statements.

7. SEGMENT INFORMATION

[Operating segment information]

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the President and CEO of the Parent who is the chief operating decision maker of the Company, in deciding how to allocate resources and in assessing performance.

The operating segments were determined based on the nature of the products and services offered. The Company's reportable operating segments consist of the following seven business groups:

Global Environmental & Infrastructure Business	The Global Environmental & Infrastructure Business Group conducts infrastructure projects, related trading operations and other activities in new energy, power generation, water, transportation and other infrastructure fields that serve as a foundation for industry.
Industrial Finance, Logistics & Development	The Industrial Finance, Logistics & Development Group is developing shosha-type industrial finance business. These businesses range from asset management, infrastructure investment, and buyout investment to leasing, real estate development and logistics services.
Energy Business	The Energy Business Group conducts a number of activities including oil and gas exploration, development and production (E&P) business; investment in natural gas liquefaction projects; trading of crude oil, petroleum products, carbon materials and products, liquefied natural gas (LNG), and liquefied petroleum gas (LPG); and planning and development of new energy business.
Metals	The Metals Group trades, develops business and invests in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as coking coal and iron ore, and non-ferrous raw materials and products such as copper and aluminum.
Machinery	The Machinery Group handles sales, finance and logistics across many different sectors, in which it also invests. These fields include machine tools, agricultural machinery, construction machinery, mining machinery, elevators, escalators, ships, aerospace-related equipment and motor vehicles.
Chemicals	The Chemicals Group trades chemical products in a broad range of fields, in which it also develops business and invests. These fields extend from basic materials such as ethylene, methanol, and salt produced from crude oil, natural gas, minerals, plants, marine resources and so forth, to midstream and downstream products such as plastics, electronic materials, food ingredients, fertilizer and fine chemicals.
Living Essentials	The Living Essentials Group provides products and services, develops businesses and invests in various fields closely linked with people’s lives, including food products and food, textiles, essential supplies, healthcare, distribution and retail. These fields extend from the procurement of raw materials to the consumer market.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that the disaggregated financial information has been prepared using a management approach, in which management internally disaggregates financial information for the purpose of assisting in making internal operating decisions. Management evaluates segment performance based on several factors, of which the primary financial measure is profit (loss) attributable to the Parent.

Intersegment transactions are priced with reference to prices applicable to transactions with unassociates.

The Company's segment information at and for the years ended March 31, 2015 and 2016 was as follows:

2015	Millions of Yen										
	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Revenues	¥39,221	¥230,210	¥1,816,224	¥852,813	¥806,678	¥1,462,328	¥2,448,564	¥7,656,038	¥16,581	¥(3,130)	¥7,669,489
Gross profit	31,608	75,692	59,155	199,347	197,280	110,870	525,354	1,199,306	13,710	(3,122)	1,209,894
Share of profit (loss) of investments accounted for using the equity method	28,910	33,096	71,598	2,704	32,244	18,756	20,566	207,874	(3,729)	(327)	203,818
Profit (loss) for the year attributable to owners of the Parent	20,448	40,126	82,262	13,856	91,301	31,360	120,514	399,867	(14,931)	15,638	400,574
Total assets	996,202	895,759	2,253,567	4,796,811	1,999,106	975,467	3,144,562	15,061,474	3,555,574	(1,842,682)	16,774,366

2016	Millions of Yen										
	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Revenues	¥57,032	¥154,208	¥1,368,508	¥700,887	¥777,551	¥1,302,053	¥2,562,763	¥6,923,002	¥15,132	¥(12,552)	¥6,925,582
Gross profit	36,093	61,774	35,405	139,109	198,021	112,564	505,041	1,088,007	11,855	(985)	1,098,877
Share of profit (loss) of investments accounted for using the equity method	29,480	17,536	(3,985)	(278,896)	25,133	15,424	20,190	(175,118)	430	(701)	(175,389)
Profit (loss) for the year attributable to owners of the Parent	32,519	40,307	(9,763)	(360,732)	62,224	30,513	73,474	(131,458)	780	(18,717)	(149,395)
Total assets	1,006,849	870,322	2,036,199	3,557,899	1,726,900	870,506	3,169,251	13,237,926	3,324,195	(1,645,865)	14,916,256

2016	Millions of U.S. Dollars										
	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Revenues	$509	$1,377	$12,219	$6,258	$6,942	$11,625	$22,882	$61,812	$135	$(111)	$61,836
Gross profit	322	552	316	1,242	1,768	1,005	4,509	9,714	106	(9)	9,811
Share of profit (loss) of investments accounted for using the equity method	263	157	(36)	(2,490)	224	138	180	(1,564)	4	(6)	(1,566)
Profit (loss) for the year attributable to owners of the Parent	290	360	(87)	(3,221)	556	272	656	(1,174)	7	(167)	(1,334)
Total assets	8,990	7,771	18,180	31,767	15,419	7,772	28,297	118,196	29,680	(14,695)	133,181

Notes:

1. "Other" represents the corporate departments which primarily provide services and operational support to the Company and Affiliated companies.
 This column also includes certain revenues and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments.
 Unallocated corporate assets categorized in "Other" consist primarily of cash, time deposits and securities for financial and investment activities.
2. "Adjustments and Eliminations" includes certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.
3. The Company regards the infrastructure-related business of the “Global Environmental & Infrastructure Business Group” as an operating segment and it is thus presented as the Global Environmental & Infrastructure Business. The environment-related business is categorized in "Other."
4. As for the effect of the change in estimates of provisions, please refer to "1) Global Environment & Infrastructure Business Group" under "2. Year Ended March 2016 Segment Information" of "Management's Discussion and Analysis of Financial Condition and Results of Operations".

[Geographic Information]

Revenues and non-current assets at and for the years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Revenues:			
Japan	¥5,360,766	¥4,548,391	$40,611
U.S.A	608,688	638,761	5,703
Other	1,700,035	1,738,430	15,522
Total	¥7,669,489	¥6,925,582	$61,836
Non-current assets (excluding financial assets, deferred tax assets and post-employment benefit assets)			
Australia	¥1,166,756	¥1,123,242	$10,029
Japan	701,418	646,226	5,770
Other	981,455	987,736	8,819
Total	¥2,849,629	¥2,757,204	$24,618

Note: Revenues are attributed to geographic areas based on the location of the assets producing such revenues.

Neither the Company nor any of its segments depended on any single customer, small group of customers, or government for more than 10% of the Company's revenues for the years ended March 31, 2015 and 2016.

8. SHORT-TERM INVESTMENTS AND OTHER INVESTMENTS

The following is a breakdown of the carrying amounts of short-term investments and other investments at March 31, 2015 and 2016.

	Millions of Yen			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2015)				
Short-term investments	¥7,324	—	¥24,589	¥31,913
Other investments	90,165	¥2,049,543	103,636	2,243,344
(March 31, 2016)				
Short-term investments	4,028	—	24,735	28,763
Other investments	101,441	1,775,926	112,848	1,990,215

	Millions of U.S. Dollars			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2016)				
Short-term investments	$36	—	$221	$257
Other investments	906	$15,856	1,008	17,770

The following is a breakdown of the fair values of financial assets measured at FVTOCI at March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Marketable	¥1,064,728	¥887,568	$7,925
Non-marketable	984,815	888,358	7,931
Total	¥2,049,543	¥1,775,926	$15,856

Of the above, the fair values of the marketable securities at March 31, 2015 and 2016, were as follows.

	Millions of Yen		Millions of U.S. Dollars
Security name	2015	2016	2016
AYALA	¥135,897	¥116,378	$1,039
MITSUBISHI MOTORS CORPORATION	107,463	83,494	745
ISUZU MOTORS	124,995	73,942	660
AEON	57,757	71,213	636
NISSIN FOODS HOLDINGS	57,515	49,894	445
MITSUBISHI MOTORS CORPORATION (non-voting shares)	41,983	32,673	292
RYOHIN KEIKAKU	18,827	25,664	229
HOKUETSU KISHU PAPER	19,701	24,571	219
YAMAZAKI BAKING	21,344	23,354	209
THAI UNION GROUP	25,862	23,185	207
MITSUBISHI ESTATE	29,233	21,927	196
JX HOLDINGS	22,470	21,090	188
SUMBER ALFARIA TRIJAYA	17,996	18,993	170
NISSHIN SEIFUN GROUP	11,946	15,114	135
INPEX CORPORATION	19,383	12,481	111
NHK SPRING	13,931	11,974	107
MITSUBISHI HEAVY INDUSTRIES	17,627	11,128	99
KIRIN HOLDINGS	10,582	10,589	95
MITSUBISHI UFJ FINANCIAL GROUP	13,599	9,536	85
CAP	11,735	9,518	85

The non-marketable securities primarily consisted of investments related to mineral resources. These investments principally included Sakhalin Energy Investment Company and Malaysia LNG Dua for LNG, and also included Minera Escondida, Compania Minera Antamina and Anglo American Quellaveco for copper.

Fair values of the investments related to LNG were ¥305,015 million and ¥387,952 million ($3,464 million), and fair values of the investments related to copper were ¥465,148 million and ¥273,721 million ($2,444 million) for the years ended March 31, 2015 and 2016, respectively.

The amounts of dividend income from financial assets measured at FVTOCI held at March 31, 2015 and 2016 that were recognized for the years ended March 31, 2015 and 2016 were ¥171,954 million and ¥75,702 million ($676 million), respectively.

With respect to financial assets measured at FVTOCI derecognized as a result of sale through the continuous modification of the Company's portfolio strategy, the fair values at the time of derecognition were ¥15,408 million and ¥57,740 million ($516 million) at March 31, 2015 and 2016, respectively.

The amounts of dividend income from derecognized financial assets measured at FVTOCI and accumulated gains or losses on disposal (before tax) were immaterial for the years ended March 31, 2015 and 2016.

With respect to financial assets measured at FVTOCI, accumulated gain or loss on disposal (after tax) recorded as other components of equity at the time of derecognition was transferred to retained earnings. The amounts transferred were immaterial for the years ended March 31, 2015 and 2016.

9. TRADE AND OTHER RECEIVABLES

The following is a breakdown of the carrying amounts of "Trade and other receivables" at March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
Classification	2015	2016	2016
Current trade and other receivables			
Notes receivable-trade	¥297,073	¥273,341	$2,441
Accounts receivable-trade and other	2,883,038	2,497,280	22,297
(Amount not expected to be collected within 1 year included within the above account)	46,441	48,091	429
Loans and other receivables	322,435	183,468	1,638
Allowance for doubtful receivables	(29,194)	(31,029)	(277)
Total current trade and other receivables	¥3,473,352	¥2,923,060	$26,099
Non-current trade and other receivables			
Loans receivable	¥138,212	¥135,998	$1,214
Other receivables	505,651	410,827	3,668
Allowance for doubtful receivables	(39,955)	(58,008)	(518)
Total non-current trade and other receivables	¥603,908	¥488,817	$4,364

Short-term and long-term receivables are contractual rights to receive money. When it is probable that, based on internal ratings and current financial conditions, the Company will not be able to collect all amounts, including amounts with interest based on the contractual terms of the receivables agreement, the Company determines an appropriate amount of allowance for doubtful receivables. The Company determines an amount of allowance for doubtful receivables based upon factors related to the collection history, length of the period past due, credit ratings from applicable agencies, evaluation based on discounted cash flow, fair value of the underlying collateral and other information. The Company also collectively evaluates some receivables and determines an amount of allowance for doubtful receivables based on past actual rates of credit losses, probability of future default and other information.

The changes in "Allowance for doubtful receivables" for the years ended March 31, 2015 and 2016 were as follows.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Balance at beginning of year	¥63,049	¥69,149	$617
Provision for credit losses	7,174	31,660	283
Charge-offs	(4,216)	(5,729)	(51)
Other*	3,142	(6,043)	(54)
Balance at end of year	¥69,149	¥89,037	$795

* "Other" principally includes the effect of changes in foreign currency exchange rates.

Impairment losses (including provision for credit losses) recorded for the years ended March 31, 2015 and 2016 were ¥6,326 million and ¥30,020 million ($268 million), respectively, and were predominantly due to a deterioration of the business condition of a customer. For the year ended March 31, 2016, the Company recorded a provision for doubtful receivables of ¥10,707 million ($96 million) mainly due to the reduction in value of the collateral resulting from decline vessel market prices.

The following is an analysis of the balance of trade and other receivables impaired individually, and the corresponding allowance for doubtful receivables at March 31, 2015 and 2016.

	Millions of Yen				Millions of U.S. Dollars	
	2015		2016		2016	
	Balance	Allowance	Balance	Allowance	Balance	Allowance
Trade receivables	¥33,399	¥(22,867)	¥37,965	¥(29,172)	$339	$(261)
Lease receivables	52,857	(5,470)	34,551	(10,557)	308	(94)
Loans	23,399	(14,697)	26,414	(24,515)	236	(219)
Total	¥109,655	¥(43,034)	¥98,930	¥(64,244)	$883	$(574)

The Company holds collateral and other credit enhancements related to impaired financial assets in connection with lease receivables from vessel leasing transactions. At March 31, 2015 and 2016, the fair values of these collateral and other credit enhancements were ¥47,060 million and ¥23,842 million ($213 million), respectively.

The following is an analysis of the age of receivables that are past due but not impaired individually at March 31, 2015 and 2016.

	Millions of Yen			
March 31, 2015	Past due within 30 days	Past due over 30 days through 90 days	Past due over 90 days	Total
Trade receivables and loans	¥53,399	¥19,702	¥22,232	¥95,333
Lease receivables	26,114	14,399	4,818	45,331
Total	¥79,513	¥34,101	¥27,050	¥140,664

	Millions of Yen			
March 31, 2016	Past due within 30 days	Past due over 30 days through 90 days	Past due over 90 days	Total
Trade receivables and loans	¥50,816	¥13,495	¥26,872	¥91,183
Lease receivables	21,944	12,265	5,589	39,798
Total	¥72,760	¥25,760	¥32,461	¥130,981

	Millions of U.S. Dollars			
March 31, 2016	Past due within 30 days	Past due over 30 days through 90 days	Past due over 90 days	Total
Trade receivables and loans	$454	$120	$240	$814
Lease receivables	195	110	50	355
Total	$649	$230	$290	$1,169

Loans are aggregated with trade receivables because these are immaterial.

The Company uses a single consistent method without classification for the accounting treatment and risk management related to trade and other receivables. Refer to Note 3 "Significant accounting policies (3) Financial instruments" and Note 34 "Risk management related to financial instruments".

10. INVENTORIES

The breakdown of inventories at March 31, 2015 and 2016 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Merchandise and finished goods	¥1,007,403	¥782,808	$6,990
Raw materials, work in progress and supplies	231,231	186,164	1,662
Real estate held for development and resale	62,913	64,780	578
Total	¥1,301,547	¥1,033,752	$9,230
Carrying amount of inventories carried at fair value less costs to sell included above (refer to Note 31)	¥236,178	¥119,983	$1,071

"Real estate held for development and resale" included real estate expected to be sold more than 12 months from the end of each fiscal year.

The amount of inventories recognized as "Costs of revenues" for the years ended March 31, 2015 and 2016 was ¥6,133,796 million and ¥5,541,269 million ($49,476 million), respectively.

Amounts related to write-down of inventories recognized as expenses were immaterial for the years ended March 31, 2015 and 2016 .

11. BIOLOGICAL ASSETS

The following is a breakdown of cost of biological assets, fair value adjustments and carrying amounts of biological assets at March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Cost of biological assets	¥70,971	¥52,232	$466
Fair value adjustments	(1,371)	13,481	120
Carrying amounts	¥69,600	¥65,713	$586

The following is a breakdown of change in the carrying amounts of biological assets for the year ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Balance at the beginning of year	¥22,896	¥69,600	$621
Increase due to production	79,953	146,856	1,311
Decrease due to sales / harvest / mortality	(92,752)	(154,441)	(1,379)
Reclassification to assets held for sale	—	(674)	(6)
Fair value adjustments	(2,671)	9,098	81
Increase due to business combination	61,187	—	—
Exchange translations and others	987	(4,726)	(42)
Balance at the end of year	¥69,600	¥65,713	$586

Fair value adjustments of biological assets were included in "Other (expense) income - net" in the consolidated statement of income.

The valuation of biological assets is carried out separately for each operating region. Fair value is measured using a valuation model which uses the most relevant assumptions of price, growth rate and mortality rate at the reporting date. The valuation of biological assets is classified at Level 3 in the valuation hierarchy.

The business related to biological assets is exposed to fluctuations in prices, which is determined by global supply and demand.
In order to partially mitigate the price risk, the Company enters into financial contracts in regulated marketplaces.

Biological assets are mainly inventories of live fish held in the business of salmon farming in Norway, Chile and Canada.

The following is a breakdown of changes in the live weight (tonnes) of biological assets held in the business of salmon farming for the year ended March 31, 2015 and 2016.

	Tonnes	
	2015	2016
Balance at the beginning of year	14,059	103,649
Increase due to production	94,782	193,962
Decrease due to sales / harvest / mortality	(127,257)	(209,527)
Increase due to business combination	122,065	—
Balance at the end of year	103,649	88,084

12. NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE

The following non-current assets or disposal groups are classified as held for sale as of March 31, 2015 and 2016 since the sale is highly probable and the sale and delivery is expected to be completed within 1 year.
Impairment losses for assets classified as held for sale are included in "Impairment losses on property, plant and equipment and others" in the consolidated statement of income.

Non-current assets classified as held for sale

¥24,841 million of Property, plant and equipment (Aircraft) in the Industrial Finance, Logistics & Development segment was classified as held for sale as of March 31, 2015, of which ¥11,350 million was measured at fair value less cost to sell (Level 2).
¥21,538 million of Property, plant and equipment (Vessels) in the Machinery segment was classified as held for sale as of March 31, 2015. A majority of non-current assets held for sale was disposed of during the year ended March 31, 2016.
¥9,287 million ($83 million) of Investment property and ¥4,907 million ($44 million) of Property, plant and equipment (Aircraft) in t*he Industrial Finance, Logistics & Development segment were classified as held for sale as of March 31, 2016.*

Disposal groups classified as held for sale

Alpac Forest Products Inc. and Alpac Pulp Sales Inc, which were consolidated subsidiaries in the Living Essentials segment were classified as disposal groups held for sale as of March 31, 2015.
¥21,176 million was measured at fair value less cost to sell (Level 2) with the classification of the disposed group as held for sale. As a result, the Company recognized ¥18,915 million of impairment loss on property, plant and equipment for the year ended March 31, 2015. The Company recognized ¥6,213 million of "Exchange differences on translating foreign operations" in the consolidated statement of financial position. The following is a breakdown of assets and liabilities classified as held for sale as of March 31, 2015. The disposal group held for sale was disposed of during the year ended March 31, 2016.

Item	Millions of Yen
Inventories	¥12,556
Biological assets	4,810
Property, plant and equipment	1,975
Trade and other receivables	10,906
Total assets	¥30,247
Trade and other payables	9,071
Total liabilities	¥9,071

Yonekyu Corporation, which was formerly a consolidated subsidiary in the Living Essentials segment, was classified as a disposal group held for sale as of March 31, 2016, since it became certain that Yonekyu Corporation would be a wholly-owned subsidiary of Itoham Yonekyu Holdings Inc. effective on April 1, 2016 and then the Parent would lose control. As a result of this transaction, Itoham Yonekyu Holdings Inc. is a 38.94% owned associate of the Parent. The following is a breakdown of assets and liabilities classified as held for sale.

Item	Millions of Yen	Millions of U.S. Dollars
Cash and cash equivalents	¥18,066	$161
Trade and other receivables	17,240	154
Inventories	9,277	83
Property, plant and equipment	18,901	169
Other	5,400	48
Total assets	¥68,884	$615
Trade and other payables	20,074	179
Other	6,161	55
Total liabilities	¥26,235	$234

Fair value of non-current assets or disposal group deducted from sale cost

The fair values less cost to sell in Level 2 of non-current assets or the disposal group were measured by personnel in the accounting department of the subsidiaries who manage the corresponding assets, based upon information of the sales value of the assets.

13. PROPERTY, PLANT AND EQUIPMENT

The following is a breakdown of the gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amounts of property, plant and equipment at March 31, 2015 and 2016.

	Millions of Yen						
	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
(March 31, 2015)							
Gross carrying amount	¥231,040	¥600,422	¥781,737	¥492,757	¥1,878,518	¥31,814	¥4,016,288
Accumulated depreciation and accumulated impairment losses	15,011	362,803	514,917	140,057	588,075	164	1,621,027
Carrying amount	¥216,029	¥237,619	¥266,820	¥352,700	¥1,290,443	¥31,650	¥2,395,261
(March 31, 2016)							
Gross carrying amount	¥219,888	¥583,316	¥745,432	¥514,677	¥1,923,616	¥34,451	¥4,021,380
Accumulated depreciation and accumulated impairment losses	14,175	354,377	502,818	152,722	699,650	254	1,723,996
Carrying amount	¥205,713	¥228,939	¥242,614	¥361,955	¥1,223,966	¥34,197	¥2,297,384

	Millions of U.S. Dollars						
(March 31, 2016)	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
Gross carrying amount	$1,963	$5,208	$6,656	$4,596	$17,175	$307	$35,905
Accumulated depreciation and accumulated impairment losses	126	3,164	4,490	1,364	6,247	2	15,393
Carrying amount	$1,837	$2,044	$2,166	$3,232	$10,928	$305	$20,512

The following is a breakdown of changes in the carrying amounts of property, plant and equipment for the years ended March 31, 2015 and 2016.

	Millions of Yen						
Carrying amount	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
Balance at April 1, 2014	¥220,346	¥224,963	¥244,458	¥458,143	¥1,333,957	¥28,051	¥2,509,918
Additions	960	12,340	52,363	52,150	158,368	34,369	310,550
Additions through business combination	1,859	10,221	22,114	50	—	4,412	38,656
Disposal or reclassification to assets held for sale	(3,088)	(1,847)	(5,339)	(175,751)	(3,867)	(189)	(190,081)
Depreciation	—	(19,750)	(54,161)	(25,323)	(87,047)	—	(186,281)
Impairment losses	(326)	(4,665)	(18,615)	(4,428)	(84,102)	—	(112,136)
Exchange translations	2,421	5,037	11,394	46,001	(24,285)	1,702	42,270
Other*	(6,143)	11,320	14,606	1,858	(2,581)	(36,695)	(17,635)
Balance at March 31, 2015	¥216,029	¥237,619	¥266,820	¥352,700	¥1,290,443	¥31,650	¥2,395,261
Additions	3,504	17,649	42,121	64,049	56,380	40,909	224,612
Additions through business combination	2,511	4,116	3,304	190	126,637	68	136,826
Disposal or reclassification to assets held for sale	(7,365)	(9,680)	(7,004)	(11,424)	(5,647)	(1,115)	(42,235)
Depreciation	(61)	(20,364)	(54,881)	(28,582)	(92,178)	—	(196,066)
Impairment losses	(529)	(608)	(370)	(7,814)	(75,027)	—	(84,348)
Exchange translations	(3,700)	(7,638)	(9,902)	(18,748)	(76,606)	(2,374)	(118,968)
Other*	(4,676)	7,845	2,526	11,584	(36)	(34,941)	(17,698)
Balance at March 31, 2016	¥205,713	¥228,939	¥242,614	¥361,955	¥1,223,966	¥34,197	¥2,297,384

	Millions of U.S. Dollars						
Carrying amount	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
Balance at April 1, 2015	$1,929	$2,122	$2,382	$3,149	$11,522	$282	$21,386
Additions	32	157	376	572	503	365	2,005
Additions through business combination	23	36	30	2	1,130	1	1,222
Disposal or reclassification to assets held for sale	(66)	(86)	(63)	(102)	(50)	(10)	(377)
Depreciation	(1)	(182)	(490)	(255)	(823)	—	(1,751)
Impairment losses	(5)	(5)	(3)	(70)	(670)	—	(753)
Exchange translations	(33)	(68)	(89)	(167)	(684)	(21)	(1,062)
Other*	(42)	70	23	103	(0)	(312)	(158)
Balance at March 31, 2016	$1,837	$2,044	$2,166	$3,232	$10,928	$305	$20,512

* "Other" includes transfers from construction in progress to other property, plant and equipment.

Impairment losses recognized for the years ended March 31, 2015 and 2016 were applicable to the following segments:

Segment	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Global Environmental & Infrastructure Business	—	—	—
Industrial Finance, Logistics & Development	¥2,443	¥1,754	$16
Energy Business	82,235	26,671	238
Metals	5,132	49,630	443
Machinery	1,868	5,896	53
Chemicals	—	67	0
Living Essentials	20,458	330	3
Other	—	—	—
Total	¥112,136	¥84,348	$753

Notes:

1. "Other" represents impairment losses attributable to the assets for corporate use, which have not been allocated to specific operating segments.
2. The Company regards the infrastructure-related business of the “Global Environmental & Infrastructure Business Group” as an operating segment and it is thus presented as the Global Environmental & Infrastructure Business. The environment-related business categorized in "Other."

These impairment losses are included in "Impairment losses on property, plant and equipment and others" in the consolidated statement of income. For assets that have indications of being impaired, impairment losses are calculated as the difference between the carrying amount of such assets and their recoverable amount. In the course of recognizing and measuring impairment losses, the Company measured the recoverable amount primarily using value in use. For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate that incorporates the risks specific to the cash-generating units.

The impairment loss of property, plant and equipment for the year ended March 31, 2015 includes impairment loss of ¥38,309 million on shale gas development assets in Canada held by Cordova Gas Resources Ltd., impairment losses of ¥27,722 million on gas exploration and development assets in Papua New Guinea held by Diamond Gas Niugini B.V. and other entities, and impairment losses of ¥15,467 million on assets held by MCX Dunlin (UK) Ltd. and MCX Osprey (UK) Ltd. in connection with North Sea oil field projects in the Energy Business Segment mainly due to the deterioration in the business environment.

The impairment loss of property, plant and equipment for the year ended March 31, 2016 includes impairment loss of ¥27,065 million ($242 million) on assets related to the iron ore business held by Mitsubishi Development Pty Ltd in the Metals Segment and impairment losses of ¥10,894 million ($97 million) on gas exploration and development assets in Papua New Guinea held by Diamond Gas Niugini B.V. and other entities in the Energy Business Segment mainly due to continuously stagnant natural-resource market prices.

The amount of reversals of impairment losses on property, plant and equipment recognized was immaterial for the years ended March 31, 2015 and 2016.

The amount of contractual commitments for the acquisition of property, plant and equipment was ¥80,278 million and ¥70,303 million ($628 million) at March 31, 2015 and 2016, respectively.

The amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in net income was immaterial as of March 31, 2015 and 2016.

14. INVESTMENT PROPERTY

The following is a breakdown of gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amounts of investment property at March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Gross carrying amount	¥115,975	¥108,384	$968
Accumulated depreciation and accumulated impairment losses	35,451	37,806	338
Carrying amount	¥80,524	¥70,578	$630

The following is a breakdown of the activity of the carrying amounts of investment property.

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Balance at the beginning of the year	¥103,725	¥80,524	$719
Additions	17,242	23,468	210
Additions through business combination			
Disposal or reclassification to assets held for sale	(38,322)	(29,650)	(265)
Depreciation	(2,434)	(1,717)	(15)
Impairment losses	(2,225)	(3,385)	(30)
Other	2,538	1,338	11
Balance at the end of the year	¥80,524	¥70,578	$630

Impairment losses are included in "Impairment losses on property, plant and equipment and others" in the consolidated statement of income.

The fair value of investment property is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Fair value	¥112,068	¥94,163	$841

The fair value of investment property is based on a valuation conducted by independent real estate appraisers. The valuation techniques are based on a discounted cash flow model etc. The fair value is designated as Level 3 in the fair value hierarchy.

The following table includes amounts recognized in the consolidated statement of income related to investment property.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Rental income	¥11,031	¥7,943	$71
Fixed property taxes and other direct operating expenses arising from investment property which generate rental income	6,933	4,647	41

The amounts of fixed property taxes and other direct operating expenses arising from investment property that did not generate rental income were immaterial for the years ended March 31, 2015 and 2016.

The amount of acquisitions of investment property for which a contract had been concluded but not executed was immaterial at March 31, 2015 and 2016.

15. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

The following is a breakdown of the gross carrying amount, accumulated amortization and accumulated impairment losses, and carrying amounts of intangible assets at March 31, 2015 and 2016.

	Millions of Yen						
	Software	Fish farming license and surface rights	Intellectual property related to feasibility studies	Customer relationships	Business rights	Other	Total
(March 31, 2015)							
Gross carrying amount	¥143,707	¥79,128	¥16,092	¥21,286	¥19,833	¥59,944	¥339,990
Accumulated amortization and accumulated impairment losses	75,933	2,631	—	4,392	6,608	29,482	119,046
Carrying amount	¥67,774	¥76,497	¥16,092	¥16,894	¥13,225	¥30,462	¥220,944
(March 31, 2016)							
Gross carrying amount	¥148,568	¥72,323	¥15,077	¥21,462	¥19,068	¥57,105	¥333,603
Accumulated amortization and accumulated impairment losses	75,780	2,433	15,077	5,139	7,094	32,172	137,695
Carrying amount	¥72,788	¥69,890	—	¥16,323	¥11,974	¥24,933	¥195,908

	Millions of U.S. Dollars						
(March 31, 2016)	Software	Fish farming license and surface rights	Intellectual property related to feasibility studies	Customer relationships	Business rights	Other	Total
Gross carrying amount	$1,327	$646	$135	$192	$170	$509	$2,979
Accumulated amortization and accumulated impairment losses	677	22	135	46	63	287	1,230
Carrying amount	$650	$624	—	$146	$107	$222	$1,749

The following is a breakdown of the changes in the carrying amount of intangible assets for the years ended March 31, 2015 and 2016.

Carrying amount	Millions of Yen						
	Software	Fish farming license and surface rights	Intellectual property related to feasibility studies	Customer relationships	Business rights	Other	Total
Beginning of year ended March 31, 2015	¥65,311	¥6,330	¥16,639	¥17,077	¥12,983	¥12,854	¥131,194
Additions	16,982	1,603	—	594	66	3,159	22,404
Additions through business combination	348	69,144	—	1,016	—	18,879	89,387
Disposal or reclassification to assets held for sale	(473)	(18)	—	—	(145)	(1,193)	(1,829)
Amortization	(13,630)	(68)	—	(1,415)	(661)	(1,936)	(17,710)
Impairment losses	(302)	—	—	(48)	(90)	(407)	(847)
Exchange translations	727	(378)	(547)	(326)	998	(791)	(317)
Other	(1,189)	(116)	—	(4)	74	(103)	(1,338)
End of year ended March 31, 2015	¥67,774	¥76,497	¥16,092	¥16,894	¥13,225	¥30,462	¥220,944
Additions	23,433	298	—	—	605	5,606	29,942
Additions through business combination	582	—	—	916	—	97	1,595
Disposal or reclassification to assets held for sale	(464)	(63)	—	—	—	(6)	(533)
Amortization	(13,565)	(72)	—	(1,140)	(739)	(6,400)	(21,916)
Impairment losses	(42)	—	(14,543)	(173)	—	(53)	(14,811)
Exchange translations	(1,575)	(6,566)	(1,549)	(684)	(1,038)	(2,391)	(13,803)
Other	(3,355)	(204)	—	510	(79)	(2,382)	(5,510)
End of year ended March 31, 2016	¥72,788	¥69,890	—	¥16,323	¥11,974	¥24,933	¥195,908

Carrying amount	Millions of U.S. Dollars						
	Software	Fish farming license and surface rights	Intellectual property related to feasibility studies	Customer relationships	Business rights	Other	Total
Beginning of year ended March 31, 2016	$605	$683	$144	$151	$118	$272	$1,973
Additions	209	3	—	—	5	50	267
Additions through business combination	5	—	—	8	—	1	14
Disposal or reclassification to assets held for sale	(4)	(1)	—	—	—	(0)	(5)
Amortization	(121)	(1)	—	(10)	(6)	(58)	(196)
Impairment losses	(0)	—	(130)	(2)	—	(0)	(132)
Exchange translations	(14)	(59)	(14)	(6)	(9)	(21)	(123)
Other	(30)	(1)	—	5	(1)	(22)	(49)
End of year ended March 31, 2016	$650	$624	—	$146	$107	$222	$1,749

The impairment loss on intangible assets for the year ended March 31, 2016 includes an impairment loss of ¥14,543 million ($130 million) on assets related to the iron ore business held by Mitsubishi Development Pty Ltd in the Metals Segment mainly due to continuously stagnant natural-resource market prices.

The Company does not amortize intangible assets with indefinite useful lives such as business rights and surface rights, given that the terms of the contracts are not set out and it is possible to sustain the value of such rights at a small cost.

At March 31, 2015 and 2016, the carrying amounts of intangible assets with indefinite useful lives were as follows.

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Business rights	¥6,654	¥6,050	$54
Fish farming license and surface rights	74,815	68,364	610
Other	4,535	3,669	33
Total	¥86,004	¥78,083	$697

Amortization expense for intangible assets, including those internally generated, is included in "Cost of revenues" or "Selling, general and administrative expenses" in the consolidated statement of income.

Impairment losses on intangible assets are included in "Impairment losses on property, plant and equipment and others" in the consolidated statement of income. For the assets for which indications of impairment are identified, the recoverable amounts are estimated, normally as value in use, and impairment losses are calculated as the difference between the carrying amount of the assets and the recoverable amount. Value in use of assets is primarily estimated based on discounted cash flows.

Internally generated intangible assets are primarily software, the carrying amount of which was ¥34,432 million and ¥41,419 million ($370 million) at March 31, 2015 and 2016, respectively.

The amount of contractual commitments for the acquisition of intangible assets was immaterial at March 31, 2015 and 2016.

Research and development costs recognized in net income amount were immaterial at March 31, 2015 and 2016.

Goodwill

The following is a breakdown of the changes in goodwill for the years ended March 31, 2015 and 2016.

	Millions of Yen		
	Cost	Accumulated impairment losses	Carrying amount
Beginning of year ended March 31, 2015	¥86,879	¥(4,344)	¥82,535
Additions by business combinations	32,126	−	32,126
Impairment losses	−	(7,655)	(7,655)
Disposal	(347)	−	(347)
Exchange translations	1,661	−	1,661
Other	(183)	−	(183)
End of year ended March 31, 2015	¥120,136	¥(11,999)	¥108,137
Additions by business combinations	7,823	−	7,823
Impairment losses	−	(5,688)	(5,688)
Disposal	(8,451)	4,232	(4,219)
Exchange translations	(9,646)	−	(9,646)
Other	(1,199)	−	(1,199)
End of year ended March 31, 2016	¥108,663	¥(13,455)	¥95,208

	Millions of U.S. Dollars		
	Cost	Accumulated impairment losses	Carrying amount
Beginning of year ended March 31, 2016	$1,073	$(107)	$966
Additions by business combinations	70	−	70
Impairment losses	−	(51)	(51)
Disposal	(76)	38	(38)
Exchange translations	(86)	−	(86)
Other	(11)	−	(11)
End of year ended March 31, 2016	$970	$(120)	$850

Impairment losses on goodwill are included in "Other income (expense)-net" in the consolidated statement of income.

Impairment test of goodwill and intangible assets with indefinite useful lives

The assumptions used for the impairment test of significant goodwill and intangible assets with indefinite useful lives allocated to cash-generating-units were as follows:

Cermaq Group AS

The Company, in the year ended March 31, 2015, acquired control of Cermaq Group AS, and completed the allocation of consideration paid for assets acquired and liabilities assumed. The amount of goodwill and intangible assets with indefinite useful lives as of March 31, 2015 were ¥26,042 million and ¥68,218 million, respectively. The amount of goodwill and intangible assets with indefinite useful lives as of March 31, 2016 were ¥22,238 million ($199 million) and ¥62,156 million ($555million), respectively.

In the impairment test of goodwill and intangible assets with indefinite useful lives in the years ended March 31, 2015 and 2016, the recoverable amount was estimated based on value in use by using the present value of future cash flows based on the most recent business plan with the support of an independent appraiser. For the period, included in the cash flows the Company used 10 years since the business plan needs to be reflected in the mid and long-term salmon forecast for supply and demand and on-going salmon farming project. The key assumptions with the most significant impact on the calculation of the value in use are the salmon price and the farming plan. For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate that incorporates the risks specific to the cash-generating units. Even when the significant assumptions used in the impairment test change within a reasonably predictable range, the risk of the recoverable amount falling below the book value is considered to be limited.

Please refer to Note 6 for the details of business combinations.

Agrex do Brasil S.A.

The amount of goodwill as of March 31, 2015 and 2016 was ¥16,577 million and ¥11,155 million ($100 million), respectively.

In the impairment test of goodwill in the years ended March 31, 2015 and 2016, the recoverable amount was estimated based on value in use by using the present value of future cash flows based on the business plan used for the basis of consideration paid, amended to reflect the recent business environment. The key assumptions with the most significant impact on the calculation of the value in use are the volume of trading, the grain price and the margin of trading. For the discount rate, the Company used a rate that reasonably reflects the rate of return that is considered to be the market-average rate that incorporates the risks specific to the cash-generating units. Even when the significant assumptions used in the impairment test change within a reasonably predictable range, the risk of the recoverable amount falling below the book value is considered to be limited.

16. EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

The following is a breakdown of change in the carrying amounts of exploration and evaluation assets for the years ended March 31, 2015 and 2016. Carrying amounts of exploration and evaluation assets are recognized in "Property, plant and equipment" in the consolidated statement of financial position.

Carrying amount	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Beginning of year	¥234,885	¥197,684	1,765
Additions	13,061	5,138	46
Impairment and write-off of unsuccessful exploration expenditure	(42,591)	(38,855)	(347)
Transfer due to demonstration of commercial viability	(7,317)	(3,442)	(31)
Exchange translations	(354)	(11,919)	(106)
End of year	¥197,684	¥148,606	1,327

The Company's exploration and evaluation activities have also generated liabilities, of which the carrying amounts were ¥14,318 million and ¥15,634 million ($140 million) as of March 31, 2015 and 2016, respectively. Carrying amounts of exploration and evaluation liabilities are mainly recognized in "Trade and other payables" in the consolidated statement of financial position.

The following table presents the amounts of expenses and cash flows arising from exploration for and evaluation of mineral resources for the years ended March 31, 2015 and 2016. "Expenses arising from exploration for and evaluation of mineral resources" are recognized in "Impairment losses on property, plant and equipment and others" and "Other income (expense) - net" in the consolidated statement of income.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Expenses arising from exploration for and evaluation of mineral resources	¥(45,542)	¥(45,918)	(410)
Net cash used in operating activities arising from exploration for and evaluation of mineral resources	(4,778)	(3,473)	(31)
Net cash used in investing activities arising from exploration for and evaluation of mineral resources	(12,778)	(5,138)	(46)

17. ASSETS PLEDGED AND ACCEPTED AS COLLATERAL

Assets pledged as collateral

The following is a breakdown of the carrying amounts of assets pledged as collateral for loans, guarantees of contracts and others at March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Trade and other receivables (current and non-current)	¥100,501	¥96,571	$862
Other investments (current and non-current)	305,333	352,544	3,148
Property, plant and equipment (net of accumulated depreciation and accumulated impairment losses)	173,596	130,899	1,169
Investment property (net of accumulated depreciation and accumulated impairment losses)	48,224	20,955	187
Inventories	31,614	—	—
Biological assets	47,509	—	—
Intangible assets and goodwill	62,326	—	—
Other	24,844	7,910	70
Total	¥793,947	¥608,879	$5,436

"Other investments" above includes shares pledged as collateral by the Company in relation to project financing in which an associate or unassociate is the debtor.

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or sales proceeds resulting from the sale of such merchandise. The Company follows the practice of repaying the related notes and acceptances payable at maturity without applying the sales proceeds to specific notes or acceptances. Due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts and therefore, those amounts are not included in the amount of assets pledged as collateral above.

Notwithstanding the above assets pledged as collateral, substantially all of the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, allow banks, under certain conditions, to require the Company to provide collateral (or additional collateral) or guarantors with respect to the loans, and to treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank.

Assets accepted as collateral

For liquidity management purposes, the Company utilizes reverse repurchase agreements and accepts bonds as collateral. The fair value of accepted collateral that the Company is permitted to sell or repledge is ¥22,559 million at March 31,2016. There was no collateral sold or repledged during the year ended March 31,2016. The fair value of accepted collateral was immaterial at March 31,2015.

18. BORROWINGS

Borrowings (current liabilities) as of March 31, 2015 and 2016 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Bank loans —1.4% as of March 31, 2016	¥724,690	¥598,425	$5,343
Bonds —2.0% as of March 31, 2016	—	5,017	45
Commercial paper —0.4% as of March 31, 2016	171,266	213,985	1,910
Borrowings (non-current liabilities) with current maturities	617,920	664,921	5,937
Total	¥1,513,876	¥1,482,348	$13,235

The interest rates represent weighted average rates on outstanding balances as of March 31, 2016.

Borrowings (non-current liabilities) as of March 31, 2015 and 2016 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Non-current liabilities with collateral:			
Banks and other financial institutions, maturing through 2034 —principally 0.1% to 0.8% as of March 31, 2016	¥47,995	¥37,283	$333
Banks and other financial institutions, maturing through 2028 (payable in foreign currencies) —principally 1.5% to 3.5% as of March 31, 2016	104,366	114,075	1,019
Japanese yen bonds (floating rate 2.2%, due 2018 as of March 31, 2016)	11,060	40	0
U.S. dollar bonds (fixed rate 6.1%, due 2021 as of March 31, 2016)	5,289	4,643	41
Total	¥168,710	¥156,041	$1,393
Non-current liabilities without collateral:			
Banks and other financial institutions, maturing through 2075 —principally 0.0% to 2.0% as of March 31, 2016	2,278,381	2,206,917	19,705
Banks and other financial institutions, maturing through 2032 (payable in foreign currencies) —principally 0.4% to 2.9% as of March 31, 2016	1,687,865	1,493,699	13,337
Japanese yen bonds			
(floating rate 0.1% to 1.6%, due 2016-2075 as of March 31, 2016)	118,611	166,605	1,487
(fixed rate 0.4% to 3.2%, due 2016-2075 as of March 31, 2016)	661,534	757,532	6,764
U.S. dollar bonds			
(floating rate 1.0% to 1.4%, due 2016-2020 as of March 31, 2016)	21,617	23,087	206
(fixed rate 1.8% to 3.4%, due 2016-2025 as of March 31, 2016)	390,828	255,235	2,279
New Zealand dollar bonds (floating rate 3.2%, due 2017 as of March 31, 2016)	901	779	7
Australian dollar bonds (fixed rate 4.3% to 4.8%, due 2018-2021 as of March 31, 2016)	36,413	34,194	305
Hong Kong dollar bonds (fixed rate 2.3% to 2.5%, due 2019-2021 as of March 31, 2016)	—	6,973	62
Total	¥5,196,150	¥4,945,021	$44,152
Total non-current liabilities	¥5,364,860	¥5,101,062	$45,545
Add adjustments to fair value under fair value hedge	88,177	124,117	1,109
Total	¥5,453,037	¥5,225,179	$46,654
Less current maturities	(617,920)	(664,921)	(5,937)
Borrowings (non-current liabilities)	¥4,835,117	¥4,560,258	$40,717

Related information such as lines of credit, financial covenants and breakdown by due date is stated in "Liquidity risk management" of Note 34.
Non-current liabilities from banks and other financial institutions without collateral include a subordinated loan (Hybrid Loan, maturing through 2075) of ¥100,000 million ($893 million), executed in the year ended March 31, 2016. This loan is callable after the seventh year from its execution date at the discretion of the Company.
Japanese yen bonds without collateral include subordinated and callable deferred interest bonds (Hybrid Bonds, maturing through 2075) of ¥200,000 million ($1,786 million), issued in the year ended March 31, 2016. These bonds are callable after the fifth or tenth year from their issuance dates at the discretion of the Company.

19. TRADE AND OTHER PAYABLES

The following is a breakdown of the carrying amounts of "Trade and other payables" at March 31, 2015 and 2016.

Classification	Millions of Yen 2015	Millions of Yen 2016	Millions of U.S. Dollars 2016
Current trade and other payables			
Notes and acceptances payable-trade	¥186,321	¥126,729	$1,132
Accounts payable-trade and other payables	2,324,821	2,027,019	18,098
(Amount not expected to be settled within 1 year included within the above account)	26,022	29,529	264
Total current trade and other payables	¥2,511,142	¥2,153,748	19,230
Total non-current trade and other payables	¥74,123	¥84,078	$751

20. EMPLOYEE BENEFITS

Pension and retirement benefit obligations

The Parent and certain subsidiaries have defined benefit pension plans covering substantially all employees other than directors. The primary defined benefit pension plans are the Corporate Pension Funds under the Japanese Defined Benefit Corporate Pension Law. The benefits for these plans are based upon years of service, compensation at the time of severance and other factors.

By April 2013, the Parent has converted certain portions of the Corporate Pension Funds into a defined contribution plan in phases.

The Parent has the obligation to make contributions to the Mitsubishi Corporation Pension Fund (“Fund”) in order to cover the cost of paying pension benefits. The Fund is legally independent from the Parent, and the board of representatives comprises an equal number of representatives elected by the Parent and the Parent's employees. The chairman of the board is elected from the representatives elected from the Parent. Proceedings of the board of representatives are decided by a majority vote of the members attending. In the case of a tied vote, the chairman has the power to decide. However, with regard to important matters, the decision is made by a majority that exceeds the above.

The director of the Fund has the duty to comply with the law, the dispositions of the Minister of Health, Labour, and Welfare made pursuant to laws, the bylaws of the Fund and the decisions of the board of representatives and to faithfully perform duties for the Fund. In addition, the director is prohibited from acts that constitute conflicts of interest and from managing the Fund for the purpose of benefiting a third party.

In addition to the defined benefit pension plans, most of the domestic subsidiaries have unfunded severance indemnity plans under which their employees, other than directors, are entitled, under most circumstances, to lump-sum severance indemnities upon mandatory retirement at normal retirement age or earlier termination of employment. The benefits for these plans are based upon years of service, compensation at the time of severance and other factors.

The Company uses a March 31 measurement date for the pension plans.

The following is a breakdown of changes in the net amount recorded in the consolidated statement of financial position for the Company's defined benefit obligations for the years ended March 31, 2015 and 2016:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Change in present value of obligations under defined benefit pension plans:			
Present value of obligations under defined benefit pension plans at the beginning of the year	¥539,546	¥570,509	$5,094
Service cost	7,611	15,008	134
Interest cost	9,536	8,435	75
Employee contributions	290	315	3
Plan amendments	(673)	—	—
Actuarial loss	37,487	34,952	312
Benefits paid	(21,043)	(21,867)	(195)
Settlements and curtailments	(3,985)	(2,527)	(23)
Acquisitions/divestitures and other—net	(2,226)	(5,378)	(48)
Exchange translations	3,966	(6,559)	(58)
Present value of obligations under defined benefit pension plans at the end of the year	570,509	592,888	5,294
Change in plan assets:			
Fair value of plan assets at the beginning of the year	530,120	608,539	5,433
Interest income	10,882	9,518	85
Income (loss) from plan assets other than interest	81,846	(39,108)	(349)
Employer contributions	6,081	6,712	60
Employee contributions	290	315	3
Benefits paid	(16,589)	(17,339)	(155)
Settlements	(3,481)	(2,325)	(21)
Acquisitions/divestitures and other—net	(4,337)	(1,431)	(13)
Exchange translations	3,727	(6,172)	(55)
Fair value of plan assets at the end of the year	608,539	558,709	4,988
Effect of the asset ceiling	1,177	175	1
Net amount of (assets) liabilities recorded in Consolidated statement of financial position	¥(36,853)	¥34,354	$307

Note: Actuarial loss arises primarily from changes in financial assumptions.

Investment Policy

Plan assets

The Company's investment policy for its defined benefit pension plans is to procure an adequate return to provide future payments of pension benefits over the long term by optimizing risk tolerance and formulating a well-diversified portfolio including investments such as equity instruments, debt securities and alternative assets.

Considering the funded status of the pension plans and surrounding economic environment for investments, the Company's investment strategy may be revised as needed. Moreover, the Company continuously monitors and pays extra attention to the diversification strategies and investment managers for the purpose of risk control and thereby pursues efficient risk management.

Fair value of plan assets by type

The following is a breakdown of the Company's plan assets at March 31, 2015 and 2016:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Plan assets that have a quoted market price in an active market			
Equity instruments:			
Japanese equity securities	¥201,067	¥167,551	$1,496
Global equity securities	11,010	11,575	103
Debt instruments:			
Global debt securities	1,661	3,851	35
Cash and cash equivalents	—	12,801	114
Total	213,738	195,778	1,748
Plan assets that do not have a quoted market price in an active market			
Equity instruments:			
Japanese equity securities	21,919	18,769	168
Global equity securities	65,185	60,251	538
Debt instruments:			
Japanese debt securities	10,267	12,128	108
Global debt securities	193,538	173,629	1,550
Hedge funds	25,820	22,770	203
Life insurance company accounts	44,193	44,577	398
Cash and cash equivalents	16,339	13,031	116
Other assets	17,540	17,776	159
Total	394,801	362,931	3,240
Total plan assets	¥608,539	¥558,709	$4,988

Notes:

1. Japanese equity securities and global equity securities include investments through funds. Global equity securities include a mixture of Japanese and non-Japanese securities which include investments through funds.
2. Japanese debt securities and global debt securities include investments through funds. Global debt securities include a mixture of Japanese and non-Japanese debt securities which include investments through funds.
3. Life insurance company accounts consist of investments in life insurance company general accounts and special accounts. General accounts are guaranteed for principal amount and interest rate by life insurance companies while special accounts are not guaranteed for their investment return.
4. Other assets include private equity funds, real estate funds and infrastructure funds.

Significant actuarial assumptions

The weighted average assumptions used to measure the present value of the defined benefit obligation at March 31, 2015 and 2016 were as follows:

	2015	2016
Discount rate	1.6%	1.1%
Rate of increase in future compensation levels	2.7	2.6

The assumption of average longevity at pension age for current pensioners and employees of the Parent was 18.9 years and 20.3 years, respectively, for the years ended March 31, 2015 and 2016.

Analysis of sensitivity to significant actuarial assumptions

If the discount rate of the Parent, which accounts for a large proportion of the defined benefit obligation of the Company falls by 0.5%, the defined benefit obligation is presumed to increase by ¥35,711 million ($319 million) for the year ended March 31, 2016. If the discount rate of the Parent rises by 0.5%, the defined benefit obligation is presumed to decrease by ¥31,532 million ($282 million).
This analysis assumes that all other variables remain constant. However, the discount rate does not always change independently.

Contributions

The Company's funding policy is to contribute to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future, and companies in Japan generally contribute to the extent of the amount deductible for income tax purposes.

The Company expects to contribute approximately ¥5,000 million ($45 million) to its defined benefit pension plans during the year ending March 31, 2017.

Estimated future benefit payments

Estimated future benefit payments are as follows:

	Millions of Yen	Millions of U.S. Dollars
Years ending March 31:		
2017	¥25,637	$229
2018	25,662	229
2019	26,017	232
2020	26,127	233
2021	25,124	224
2022 through 2026	132,059	1,179

Defined contribution plans

The Parent and certain subsidiaries have defined contribution plans. The expenses related to these defined contribution plans were immaterial for the years ended March 31, 2015 and 2016.

Employee benefits expense

The amount of employee benefits expense included in the consolidated statement of income was ¥544,467 million and ¥536,288 million ($4,788 million) for the years ended March 31, 2015 and 2016, respectively.

21. PROVISIONS

The changes in provisions for the years ended March 31, 2015 and 2016 were as follows:

(Year ended March 31, 2015)

	Millions of Yen					
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	Balance at the end of the year
Provision for decommissioning and restoration	¥112,785	¥23,618	¥(2,545)	¥6,235	¥(2,264)	¥137,829
Provision for environmental measures	10,876	228	(8)	—	(33)	11,063
Other*	12,677	18,615	(8,590)	—	9	22,711

(Year ended March 31, 2016)

	Millions of Yen					
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	Balance at the end of the year
Provision for decommissioning and restoration	¥137,829	¥52,006	¥(6,114)	¥6,393	¥46,724	¥236,838
Provision for environmental measures	11,063	—	(8)	—	152	11,207
Other*	22,711	16,828	(8,589)	—	(4,988)	25,962

(Year ended March 31, 2016)

	Millions of U.S. Dollars					
	Balance at the beginning of the year	Provisions made	Provisions used	Accretion expense	Other*	Balance at the end of the year
Provision for decommissioning and restoration	$1,231	$464	$(54)	$57	$417	$2,115
Provision for environmental measures	99	—	(0)	—	1	100
Other*	203	150	(77)	—	(44)	232

* "Other" principally includes the effect of changes in foreign currency exchange rates, unused amounts reversed during the period and the effect of deconsolidation.

In addition to the above, "Provisions" on the consolidated statement of financial position contains provisions regarding employee benefits etc.

Provision for decommissioning and restoration

The Company accounts for provision for decommissioning and restoration, consisting primarily of costs associated with mine reclamation, landfills and dismantlement of facilities. These are related to legal obligations associated with the normal operation of the Company's coal mining, oil, gas and other facilities. Cash outflows related to the provision is expected to be paid over periods of up to 42 years, but are inherently difficult to predict and are affected by future business plans and other circumstances.
During the year ended March 31, 2016, the Company recorded provision for decommissioning of amounting to ¥40,690 million ($363 million) in "Provisions made" on an ongoing decommissioning project in the North Sea which is executed by a subsidiary of the Energy Business Segment, as the projection for the decommissioning costs increased, based on IAS37 "Provisions, Contingent Liabilities and Contingent Assets".

As a result of a partner being unable to meet its obligation to fund its proportionate share of decommissioning costs, these costs have been imposed upon the Company pursuant to the provisions in the Joint Operation Agreement, therefore the Company recorded provision for decommissioning of ¥67,212 million ($600 million) in "Other".
Also, the Company acquired almost the same amount of restricted deposits and a right to claim future tax refund and recorded those assets in "Trade and other receivables" and "Other non-current assets".
As a result of these events and others, the Company recorded ¥23,738 million ($212 million) in "Other income (expense)-net" in the consolidated statement of income for the year ended March 31, 2016.

Provision for environmental measures

The provision for environmental measures is provided in the amount deemed necessary to cover expenditures for the cost of transport, treatment and other processing of waste materials for which treatment is mandated by laws and regulations. The timing of cash outflows related to the provision is affected by future business plans and other circumstances.

Other

"Other" includes provisions for onerous contracts, product warranties and others.

22. EQUITY

Common stock

The Companies Act of Japan (the "Companies Act") requires in principle that the amount of payment for shares and assets delivered shall be the amount of common stock. However, the Companies Act permits, as an exception, that an amount not exceeding 50% of such payment and assets may be incorporated into additional paid-in capital.

The total number of shares of common stock authorized to be issued at March 31, 2015 and 2016 was as follows:

	2015 (Number of shares)	2016 (Number of shares)
Ordinary stock (no-par stock)	2,500,000,000	2,500,000,000

The change in the total number of shares of issued stock for the years ended March 31, 2015 and 2016 was as follows:

	2015 (Number of shares)	2016 (Number of shares)
Balance, beginning of year	1,653,505,751	1,624,036,751
Change during the year	(29,469,000)	(33,959,900)
Balance, end of year	1,624,036,751	1,590,076,851

Additional paid-in capital and retained earnings

The Companies Act requires that an amount equal to 10% of dividends from retained earnings to be paid shall be appropriated and set aside as a legal reserve until the total of additional paid-in capital and legal reserve amounts to 25% of the common stock amount.

The Companies Act provides that, subject to certain conditions, such as a resolution at a shareholders' meeting, a company may transfer amounts between common stock, reserves and surplus.

Treasury stock

The Companies Act allows Japanese companies to purchase and hold treasury stock. Japanese companies are allowed to decide the number, amount and other aspects of the treasury stock to be acquired, not exceeding the amount available for distribution, upon resolution at the shareholders' meeting. The Companies Act allows Japanese companies to purchase treasury stock through market transactions or tender offer by resolution of the Board of Directors, as far as it is allowed under the Articles of Incorporation, subject to limitations imposed by the Companies Act.

At the ordinary general meeting of shareholders held on June 24, 2004, approval was granted for the Parent to amend the Articles of Incorporation to entitle the Board of Directors to purchase outstanding shares of the Company's treasury stock by its resolutions.

The number of treasury stock and treasury stock held by subsidiaries and associates was 3,653,124 shares and 5,482,335 shares at March 31, 2015 and 2016, respectively.

The Parent retired treasury stock (29 million shares and 34 million shares) subject to approval of the Board of Directors in the year ended March 31, 2015 and 2016, respectively.

As a result, retained earnings and treasury stock decreased by ¥63,309 million and ¥90,319 million ($806 million) in the years ended March 31, 2015 and 2016, respectively.

Dividends

Under the Companies Act, the total amount of dividends and acquisition or purchase of treasury stock may not exceed the distributable amount of the Parent which is calculated based on the amount of the retained earnings recorded in the Parent's books of account prepared in accordance with accounting principles generally accepted in Japan. Adjustments to the consolidated financial statements to conform with IFRS have no impact on the distributable amount under the Companies Act. The distributable amount under the Companies Act was ¥1,612,114 million ($14,394 million) as of March 31, 2016. The distributable amount may change up to the effective date of the distribution of dividends in the event of the Company's due to its acquisition of its own shares.

The Companies Act allows the payment of dividends at any time during the fiscal year upon resolution at a shareholders' meeting. Furthermore, the Parent is also allowed to distribute a semi-annual interim dividend by resolution of the Board of Directors.

Dividends paid during the years ended March 31, 2015 and 2016 were as follows:

		Millions of Yen	Yen			Millions of U.S. Dollars	U.S. Dollars
Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Ordinary general meeting of shareholders held on June 20, 2014	Ordinary shares	¥62,647	¥38	March 31, 2014	June 23, 2014		
Board of Directors' meeting held on November 7, 2014	Ordinary shares	64,791	40	September 30, 2014	December 1, 2014		
Ordinary general meeting of shareholders held on June 19, 2015	Ordinary shares	48,613	30	March 31, 2015	June 22, 2015	$434	$0.27
Board of Directors' meeting held on November 5, 2015	Ordinary shares	39,610	25	September 30, 2015	December 1, 2015	354	0.22

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

		Millions of Yen		Yen			Millions of U.S. Dollars	U.S. Dollars
Resolution	Class of shares	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date	Amount of dividends	Dividends per share
Ordinary general meeting of shareholders held on June 24, 2016	Ordinary shares	¥39,616	Retained earnings	¥25	March 31, 2016	June 27, 2016	$354	$0.22

Management of capital

The Company manages total equity attributable to owners of the Parent as the Company's capital.

The Company's basic capital policy is to sustain growth and maximize corporate value by enhancing its earnings base, as well as taking efficiency and soundness into consideration. The net debt-to-equity ratio is used as an indication of financial soundness, which is calculated as the ratio of net interest-bearing liabilities (after deducting cash and cash equivalents and time deposits) to the total equity attributable to owners of the Parent.

The net debt-to-equity ratio at March 31, 2015 and 2016 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Interest-bearing liabilities	¥6,348,993	¥6,042,606	$53,952
Cash and cash equivalents, time deposits	1,881,279	1,727,146	15,421
Net interest-bearing liabilities	4,467,714	4,315,460	38,531
Total equity attributable to owners of the Parent	5,570,477	4,592,516	41,005
Net debt-to-equity ratio (multiple)	0.8	0.9	

Some subsidiaries of the Company are affected by capital restrictions through debt covenants on interest-bearing liabilities from financial institutions etc. Therefore the Company manages its financial operations to ensure that it stays within the requirements of those covenants.

23. OTHER COMPONENTS OF EQUITY AND OTHER COMPREHENSIVE INCOME

The following is a breakdown of "Other components of equity" (attributable to owners of the Parent, net of tax) for the years ended March 31, 2015 and 2016.

	Millions of Yen			
	Balance at the beginning of the year	Other comprehensive income attributable to owners of the Parent	Transfer to retained earnings	Balance at the end of the year
(Year ended March 31, 2015)				
Other investments designated as FVTOCI	¥625,151	¥55,040	¥(2,519)	¥677,672
Remeasurement of defined benefit pension plans	—	27,368	(27,368)	—
Cash flow hedges	(4,119)	(14,490)	—	(18,609)
Exchange differences on translating foreign operations	638,220	218,408	—	856,628
Total	¥1,259,252	¥286,326	¥(29,887)	¥1,515,691
(Year ended March 31, 2016)				
Other investments designated as FVTOCI	677,672	(298,302)	(14,984)	364,386
Remeasurement of defined benefit pension plans	—	(52,160)	52,160	—
Cash flow hedges	(18,609)	(55)	—	(18,664)
Exchange differences on translating foreign operations	856,628	(288,411)	—	568,217
Total	¥1,515,691	¥(638,928)	¥37,176	¥913,939

	Millions of U.S. Dollars			
(Year ended March 31, 2016)	Balance at the beginning of the year	Other comprehensive income attributable to owners of the Parent	Transfer to retained earnings	Balance at the end of the year
Other investments designated as FVTOCI	$6,051	$(2,664)	$(134)	$3,253
Remeasurement of defined benefit pension plans	—	(466)	466	—
Cash flow hedges	(166)	(0)	—	(166)
Exchange differences on translating foreign operations	7,648	(2,575)	—	5,073
Total	$13,533	$(5,705)	$332	$8,160

The following is a breakdown of "Other comprehensive income" (attributable to non-controlling interests, net of tax) for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Gains (losses) on other investments designated as FVTOCI	¥5,329	¥(19,160)	$(171)
Remeasurement of defined benefit pension plans	275	(223)	(2)
Cash flow hedges	(863)	(16)	(0)
Exchange differences on translating foreign operations	17,367	(19,404)	(173)
Total	¥22,108	¥(38,803)	$(346)

The following is a breakdown of "Other comprehensive income" (including those attributable to non-controlling interests) for the years ended March 31, 2015 and 2016.

	Millions of Yen					
	2015			2016		
	Before income taxes	Income tax benefit (expense)	Net of tax	Before income taxes	Income tax benefit (expense)	Net of tax
Items that will not be reclassified to profit or loss for the year						
Gains (losses) on other investments designated as FVTOCI	¥68,423	¥(6,360)	¥62,063	¥(410,969)	¥116,253	¥(294,716)
Remeasurement of defined benefit pension plans	45,536	(17,089)	28,447	(73,885)	24,249	(49,636)
Share of other comprehensive income of investments accounted for using the equity method	(2,498)	—	(2,498)	(25,493)	—	(25,493)
Items that may be reclassified to profit or loss for the year						
Cash flow hedges	(8,421)	1,833	(6,588)	3,852	(1,593)	2,259
Exchange differences on translating foreign operations	159,596	20,615	180,211	(311,637)	36,828	(274,809)
Share of other comprehensive income of investments accounted for using the equity method	56,796	(9,997)	46,799	(32,888)	(2,448)	(35,336)
Total	¥319,432	¥(10,998)	¥308,434	¥(851,020)	¥173,289	¥(677,731)

	Millions of U.S. Dollars		
	2016		
	Before income taxes	Income tax benefit (expense)	Net of tax
Items that will not be reclassified to profit or loss for the year			
Gains (losses) on other investments designated as FVTOCI	$(3,669)	$1,038	$(2,631)
Remeasurement of defined benefit pension plans	(660)	217	(443)
Share of other comprehensive income of investments accounted for using the equity method	(228)	—	(228)
Items that may be reclassified to profit or loss for the year			
Cash flow hedges	34	(14)	20
Exchange differences on translating foreign operations	(2,782)	328	(2,454)
Share of other comprehensive income of investments accounted for using the equity method	(293)	(22)	(315)
Total	$(7,598)	$1,547	$(6,051)

The following is a breakdown of cash flow hedges included in "Other comprehensive income" (including those attributable to non-controlling interests, before income taxes) for the years ended March 31, 2015 and 2016.

	Millions of Yen					
	2015			2016		
	Interest rate risk	Foreign currency risk	Commodity price risk	Interest rate risk	Foreign currency risk	Commodity price risk
Net unrealized (losses) gains during the year	¥(5,059)	¥(2,859)	¥622	¥(1,333)	¥1,358	¥(481)
Reclassification adjustments to initial cost of non-financial assets	—	(4,346)	—	—	—	—
Reclassification adjustments to profit (loss) for the year	2,369	426	426	2,436	1,602	270
Total	¥(2,690)	¥(6,779)	¥1,048	¥1,103	¥2,960	¥(211)

	Millions of U.S. Dollars		
	2016		
	Interest rate risk	Foreign currency risk	Commodity price risk
Net unrealized (losses) gains during the year	$(12)	$12	$(4)
Reclassification adjustments to initial cost of non-financial assets	—	—	—
Reclassification adjustments to profit (loss) for the year	22	14	2
Total	$10	$26	$(2)

The following is a breakdown of exchange differences on translating foreign operations included in "Other comprehensive income" (including those attributable to non-controlling interests, before income taxes) for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Translation adjustments during the year			
Hedges of net investment in foreign operations	¥(99,416)	¥25,137	$225
Other exchange differences on translating foreign operations	263,231	(324,655)	(2,899)
Reclassification adjustments to profit (loss) for the year			
Hedges of net investment in foreign operations	(14,502)	(279)	(2)
Other exchange differences on translating foreign operations	10,283	(11,840)	(106)
Total	¥159,596	¥(311,637)	$(2,782)

The following is a breakdown of share of other comprehensive income of investments accounted for using the equity method that may be reclassified to profit or loss included in "Other comprehensive income" (including those attributable to non-controlling interests, before income taxes) for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Net unrealized gains (losses) and translation adjustments during the year	¥67,368	¥(33,173)	$(296)
Reclassification adjustments to profit (loss) for the year	(10,572)	285	3
Total	¥56,796	¥(32,888)	$(293)

24. SHARE-BASED REMUNERATION

The Parent had two types of stock option plans, stock option Class A and Class B, for certain directors, executive officers and senior vice presidents of the Parent; however, the Parent resolved to unify the plans at the Board of Directors' meeting held on July 20, 2007.

<u>The stock option plans resolved by the Board of Directors' meetings held on or before June 2007</u>

Under the Class A plan, for directors, executive officers and senior vice presidents of the Parent, the right to purchase the shares of the Parent is granted at an exercise price determined based on the greater of the closing price of the shares on the Tokyo Stock Exchange on the grant date or the average closing price for a month prior to the grant date. The stock options are vested and immediately exercisable after 2 years from the grant date, and exercisable periods are 8 years from the vesting day.

Under the Class B plan, for directors and executive officers of the Parent, the right to purchase the shares of the Parent is granted at an exercise price of ¥1 per share. The contractual term of the Class B stock option is 30 years. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as both director and executive officer of the Parent. Notwithstanding the above, if the stock option holders do not leave their position as both director and executive officer of the Parent, they may exercise their right from the day after 25 years from the grant date. If they leave their position before June 30 of the next year after the grant date, the exercisable number is determined based on the tenure from the grant date.

<u>The stock option plans resolved by the Board of Directors' meetings held on or after July 2007</u>

Under the unified plan, for directors, executive officers and senior vice presidents of the Parent, the right to purchase the shares of the Parent is granted at an exercise price of ¥1 per share. The contractual term of the stock option is 30 years. The stock options are vested and exercisable from the earlier of either the day after 2 years from the grant date or the day after leaving their position as director, executive officer and senior vice president of the Parent. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as director, executive officer and senior vice president of the Parent. If they leave their position before June 30 of the next year (for the stock option plans resolved by the Board of Director's meeting held on or after May 31, 2014, before March 31 of the next year) after the grant date, the exercisable number is determined based on the tenure from the grant date.

The total share-based remuneration cost recognized for the years ended March 31, 2015 and 2016 was ¥1,346 million, and ¥1,175 million ($10.49 million), respectively.

The weighted-average fair value of options granted under the Parent's stock option plan at the measurement date for the years ended March 31, 2015 and 2016 was ¥1,595 and ¥2,354 ($21.02) per share, respectively.

The fair value of these stock options is estimated using the Black-Scholes option pricing model using the assumptions in the following table. The risk-free interest rate is based on the yield of government bonds in effect at the grant date with a remaining term equal to the option's expected term. Expected volatilities are based on the historical volatility of the Parent's stock for the period equal to the option's expected term from the grant date. The expected dividend yield is based on the actual dividends in the preceding year. Expected term represents the period of time that the options granted are expected to be outstanding.

	2015	2016
Risk-free interest rate	0.3%	0.2%
Expected volatility	40.3%	36.5%
Expected dividend yield	3.4%	2.5%
Expected term	7.0 years	7.0 years
Stock price at the measurement date	¥2,020	¥2,805

The following table summarizes information about stock option activities for the years ended March 31, 2015 and 2016.

	2015		2016		
	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price	
		Yen		Yen	U.S. Dollars
Outstanding at beginning of year	5,280,000	¥754	4,662,600	¥714	$6.4
Granted	708,600	1	501,600	1	0
Forfeited or expired	(9,000)	1	(23,100)	1,537	13.7
Exercised	(1,317,000)	493	(1,154,900)	1,071	9.6
Outstanding at end of year	4,662,600	714	3,986,200	517	4.6
Exercisable at end of year	3,533,400	942	2,890,700	712	6.4

The weighted-average stock price at the time when the stock options were exercised during the years ended March 31, 2015 and 2016 was ¥2,167 and ¥2,463 ($21.99), respectively.

The following table summarizes information about options outstanding and exercisable at March 31, 2015 and 2016.

March 31, 2015	Outstanding		Exercisable	
Exercise price range (Yen)	Number of shares	Weighted-average remaining term (Years)	Number of shares	Weighted-average remaining term (Years)
¥1	3,273,200	20.0	2,144,000	15.6
1,691	74,200	0.3	74,200	0.3
2,435	1,315,200	1.3	1,315,200	1.3

March 31, 2016	Outstanding		Exercisable	
Exercise price range (Yen)	Number of shares	Weighted-average remaining term (Years)	Number of shares	Weighted-average remaining term (Years)
¥1	3,141,600	21.0	2,046,100	17.3
2,435	844,600	0.3	844,600	0.3

25. REVENUES

The following is a breakdown of "Revenues" for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Revenues from the sale of goods	¥6,598,044	¥5,950,094	$53,126
Revenues from the rendering of services and others	1,071,445	975,488	8,710
Total	¥7,669,489	¥6,925,582	$61,836

26. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following is a breakdown of "Selling, general and administrative expenses" for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Employee benefit expenses	¥430,129	¥413,845	$3,695
Transportation and warehousing expenses	138,162	150,071	1,340
Equipment expenses	113,420	112,084	1,001
Office expenses	68,561	69,159	617
Outsourcing expenses	68,428	64,029	572
Others	180,051	206,780	1,846
Total	¥998,751	¥1,015,968	$9,071

27. INCOME AND EXPENSES PERTAINING TO FINANCIAL INSTRUMENTS

The following is a breakdown of "Gains on investments", "Finance income" and "Finance costs" for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
Classification	2015	2016	2016
Gains on investments			
Financial assets measured at FVTPL	¥10,924	¥12,072	$108
Subsidiaries, investments accounted for using the equity method and other	34,427	34,262	306
Total gains on investments	¥45,351	¥46,334	$414
Finance income			
Interest income			
Financial assets measured at amortized cost	21,072	24,080	215
Financial assets measured at FVTPL	10,280	14,315	128
Total interest income	¥31,352	¥38,395	$343
Dividend income			
Financial assets measured at FVTOCI	173,568	84,729	756
Total dividend income	¥173,568	¥84,729	$756
Total finance income	¥204,920	¥123,124	$1,099
Finance costs			
Interest expense			
Financial liabilities measured at amortized cost	(66,662)	(71,300)	(637)
Derivatives	27,593	26,831	240
Others	(7,006)	(6,393)	(57)
Total finance costs	¥(46,075)	¥(50,862)	$(454)

In addition to the above, net gains of ¥26,591 million and net losses of ¥18,130 million ($162 million) in "Revenues / Cost of revenues", and net losses of ¥113,264 million and net gains of ¥67,533 million ($603 million) in "Other income (expense)-net" were caused by the derivatives not being designated as hedging instruments, for the years ended March 31, 2015 and 2016, respectively. Please refer to Note 33 for gains and losses on hedges.

Furthermore, for the years ended March 31, 2015 and 2016, interest income from financial assets measured at amortized cost amounted to ¥13,970 million and ¥14,214 million ($127 million), respectively, and interest expense pertaining to financial liabilities measured at amortized cost amounted to ¥21,231 million and ¥17,977 million ($161 million), respectively. These incomes and expenses were included primarily in "Revenues / Cost of revenues".

Any borrowing costs are capitalized where the debts are directly attributable to the acquisitions of property, plant and equipment. The borrowing costs from general borrowings are also capitalized to the extent that the costs are spent for the acquisitions of property, plant and equipment. The amounts of capitalized borrowing costs were immaterial for the years ended March 31, 2015 and 2016.

28. FOREIGN EXCHANGE GAINS AND LOSSES - NET

The amounts of net foreign exchange gains and losses included in "Other income (expense)-net" in the consolidated statement of income were ¥85,782 million of gains and ¥97,898 million ($874 million) of losses for the years ended March 31, 2015 and 2016, respectively.

29. INCOME TAXES

Income taxes in Japan applicable to the Company, imposed by the national, prefectural and municipal governments, in the aggregate, resulted in a statutory income tax rate of approximately 33%. The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and the "Act for Partial Revision, etc. of Local Taxation Act, etc.", (Extra edition No. 13 of 2016) were enacted at the parliament on March 29, 2016. Subsequently, the enactment of the "Ordinance for Partial Revision of Tokyo Metropolitan Government Metropolitan Tax Ordinance" (Tokyo Metropolitan Government Ordinance No. 79 of 2016) on March 31, 2016, resulted in a change in income tax rates from fiscal years beginning on or after April 1, 2016.

In accordance with this change, the statutory income tax rate for Japan used for calculating deferred tax assets and liabilities will change from 32% to 31%. The impact of these tax rate changes on deferred tax assets and liabilities was immaterial.

Foreign subsidiaries are subject to income taxes of the countries in which they operate.

Income taxes for the years ended March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Current tax	¥131,645	¥75,475	$674
Deferred tax	36,686	(35,634)	(318)
Income taxes	168,331	39,841	356
Income taxes recognized in other comprehensive income	10,998	(173,289)	(1,547)
Total	¥179,329	¥(133,448)	$(1,191)

A reconciliation of the combined statutory income tax rates for the years ended March 31, 2015 and 2016 to the effective income tax rates on income before income taxes reflected in the consolidated statement of income is as follows:

	2015	2016
Combined statutory income tax rate	36.0%	33.0%
Effect of income from investments accounted for using the equity method	(12.3)	(56.6)
Expenses not deductible for income tax purposes	0.7	(6.6)
Effect of the recoverability of deferred tax assets	9.3	(56.7)
Tax benefits recognized for accumulated losses of certain subsidiaries	(3.2)	36.3
Lower income tax rates in certain foreign countries	(0.9)	7.3
Effect of taxation on dividends	(0.8)	0.5
Other-net	0.5	(0.1)
Effective income tax rate on income before income taxes in the consolidated statement of income	29.3%	(42.9)%

Significant components of deferred tax assets and liabilities at March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Assets:			
Allowance for doubtful receivables	¥14,017	¥13,532	$121
Accrued pension and retirement benefits	18,348	28,696	256
Property, plant and equipment, Investment property and Intangible assets	47,922	32,427	289
Short-term investments and Other investments	33,486	25,859	231
Net operating loss carry forwards	61,506	60,891	544
Provisions and other	48,834	49,749	444
Derivatives	71,978	26,278	235
Other*	34,923	69,589	621
Gross deferred tax assets	331,014	307,021	2,741
Liabilities:			
Short-term investments and Other investments	427,763	331,283	2,958
Property, plant and equipment, Investment property and Intangible assets	210,656	169,076	1,509
Investments accounted for using the equity method	137,230	133,077	1,188
Other	61,120	51,825	463
Gross deferred tax liabilities	836,769	685,261	6,118
Net deferred tax liabilities	¥(505,755)	¥(378,240)	$(3,377)

*"Other" principally includes tax benefits recognized for accumulated losses of certain affiliated companies for the year ended March 31, 2016.

No provision for income taxes is recognized for the undistributed earnings of subsidiaries and joint arrangements where the Parent considers that such earnings are not expected to be remitted in the foreseeable future. At March 31, 2015 and 2016, the amount of undistributed earnings of subsidiaries and joint arrangements on which a deferred tax liability was not recognized in the Company's consolidated financial statements aggregated ¥1,279,587 million and ¥1,097,045 million ($9,795 million), respectively.

The Company recognized deferred tax assets for deductible temporary differences, tax losses and tax credits where it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized as at March 31, 2015 and 2016 will expire as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Not later than 5 years	¥21,688	¥33,692	$301
Later than 5 years and not later than 10 years	50,706	118,815	1,061
Later than 10 years and not later than 15 years	852	2,432	22
Later than 15 years*	296,452	962,984	8,597
Total	¥369,698	¥1,117,923	$9,981

*The Parent did not recognize a deferred tax asset on the local tax part (6%) of a deductible temporary difference amounting to ¥512,745 million ($4,578 million), which expires later than 15 years, considering its recoverability as of March 31, 2016.
Meanwhile, the Parent recognized a deferred tax asset on the national tax part (25%) of the deductible temporary difference, as the Parent applied tax consolidation system and therefore believed it was probable to be recovered through future consolidated taxable income.

The Company recognized assets or liabilities for the effect of uncertainty in income taxes based on a reasonable estimate. For the years ended March 31, 2015 and 2016, the amounts were immaterial.

The Company is not able to predict whether the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months.

30. EARNINGS PER SHARE

Reconciliations of basic and diluted profit (loss) for the year attributable to Owners of the Parent per share are as follows:

			U.S. Dollars
	2015	2016	2016
Profit (loss) for the year attributable to Owners of the Parent per share (Yen)			
Basic	¥246.39	¥(93.68)	$(0.84)
Diluted	245.83	(93.68)	(0.84)

			Millions of U.S. Dollars
	2015	2016	2016
Numerator (Millions of Yen):			
Profit (loss) for the year attributable to Owners of the Parent	¥400,574	¥(149,395)	$(1,334)
Denominator (Thousands of shares):			
Basic weighted average common shares outstanding	1,625,754	1,594,779	
Effect of dilutive securities:			
Stock options	3,720	—	
Diluted outstanding shares	1,629,474	1,594,779	

Shares that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are not dilutive for the years presented are as follows:

(Year ended March 31, 2015)

Grant date	August 10, 2006
Number of stock acquisition rights	13,152
Class and number of shares to be issued for the purpose of issuing stock acquisition rights	1,315,200 shares of Mitsubishi Corporation's common stock
Issue price of stock acquisition rights	Issued in gratis
Price per share due upon exercise of stock acquisition rights (Yen)	2,435
Exercise period	From July 22, 2008 Through June 27, 2016

(Year ended March 31, 2016)

Diluted loss for the year attributable to Owners of the Parent per share does not include stock options due to the anti-dilutive effect caused by the loss for the year ended March 31, 2016.

31. FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value on a recurring basis

The following is a breakdown of assets and liabilities that are measured at fair value on a recurring basis at March 31, 2015 and 2016.

(March 31, 2015)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥634,679	—	—	—	¥634,679
Short-term investments and other investments					
Financial assets measured at FVTPL	—	¥3,922	¥93,567	—	97,489
Financial assets measured at FVTOCI	1,064,258	470	984,815	—	2,049,543
Trade and other receivables (FVTPL)	—	—	49,095	—	49,095
Derivatives	66,890	791,840	—	¥(541,380)	317,350
Inventories and other current assets	2,379	443,631	—	—	446,010
Total assets	¥1,768,206	¥1,239,863	¥1,127,477	¥(541,380)	¥3,594,166
Liabilities					
Derivatives	50,792	678,355	—	(541,380)	187,767
Total liabilities	¥50,792	¥678,355	—	¥(541,380)	¥187,767

Notes:
1. There were no material transfers between different levels during the year ended March 31, 2015.
2. "Derivatives" are recognized in "Other financial assets," "Other current assets" or "Other financial liabilities" in the consolidated statement of financial position.

(March 31, 2016)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥684,981	—	—	—	¥684,981
Short-term investments and other investments					
Financial assets measured at FVTPL	6,342	¥1,117	¥98,010	—	105,469
Financial assets measured at FVTOCI	887,461	107	888,358	—	1,775,926
Trade and other receivables (FVTPL)	—	—	34,261	—	34,261
Derivatives	33,552	551,956	—	¥(297,184)	288,324
Inventories and other current assets	1,217	296,701	—	—	297,918
Total assets	¥1,613,553	¥849,881	¥1,020,629	¥(297,184)	¥3,186,879
Liabilities					
Derivatives	28,767	371,877	—	(297,184)	103,460
Total liabilities	¥28,767	¥371,877	—	¥(297,184)	¥103,460

(March 31, 2016)

	Millions of U.S. Dollars				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	$6,116	—	—	—	$6,116
Short-term investments and other investments					
Financial assets measured at FVTPL	57	$10	$875	—	942
Financial assets measured at FVTOCI	7,923	1	7,932	—	15,856
Trade and other receivables (FVTPL)	—	—	306	—	306
Derivatives	300	4,928	—	(2,654)	2,574
Inventories and other current assets	11	2,649	—	—	2,660
Total assets	$14,407	$7,588	$9,113	$(2,654)	$28,454
Liabilities					
Derivatives	257	3,320	—	(2,653)	924
Total liabilities	$257	$3,320	—	$(2,653)	$924

Notes:
1. There are no material transfers between different levels during the year ended March 31, 2016.
2. "Derivatives" are recognized in "Other financial assets," "Other current assets," "Other financial liabilities" or "Other current liabilities" in the consolidated statement of financial position.

Please refer to Note11 for the details of biological assets.

The following tables present the changes in Level 3 assets and liabilities that are measured at fair value on a recurring basis using unobservable inputs for the years ended March 31, 2015 and 2016.

(Year ended March 31, 2015)

	Millions of Yen							
	Balance at beginning of year	Net realized/ unrealized gains (losses) included in profit for the year	Net realized/ unrealized gains (losses) included in other comprehensive income (loss)	Increase due to purchases and other	Decrease due to sales and other	Redemptions and Settlements	Balance at end of year	Net change in unrealized gains (losses) still held at end of year
Short-term investments and other investments								
FVTPL	¥63,058	¥10,942	¥5,742	¥46,838	¥(31,887)	¥(1,126)	¥93,567	¥10,942
FVTOCI	1,038,086	—	(69,422)	30,107	(13,954)	(2)	984,815	—
Trade and other receivables (FVTPL)	83,079	2,979	(331)	10,174	—	(46,806)	49,095	2,982

Notes:
1. "Increase due to purchases and other" and "Decrease due to sales and other" include changes due to consolidation, deconsolidation and transfer from (to) other accounts.
2. There were no material transfers between different levels during the year ended March 31, 2015.

(Year ended March 31, 2016)

	Millions of Yen							
	Balance at beginning of year	Net realized/ unrealized gains (losses) included in profit for the year	Net realized/ unrealized gains (losses) included in other comprehensive income (loss)	Increase due to purchases and other	Decrease due to sales and other	Redemptions and Settlements	Balance at end of year	Net change in unrealized gains (losses) still held at end of year
Short-term investments and other investments								
FVTPL	¥93,567	¥8,284	¥(2,886)	¥36,553	¥(34,821)	¥(2,687)	¥98,010	¥8,284
FVTOCI	984,815	—	(272,913)	203,302	(26,823)	(23)	888,358	—
Trade and other receivables (FVTPL)	49,095	(2,866)	(1,003)	5,185	—	(16,150)	34,261	(2,866)

(Year ended March 31, 2016)

	Millions of U.S. Dollars							
	Balance at beginning of year	Net realized/ unrealized gains (losses) included in profit for the year	Net realized/ unrealized gains (losses) included in other comprehensive income (loss)	Increase due to purchases and other	Decrease due to sales and other	Redemptions and Settlements	Balance at end of year	Net change in unrealized gains (losses) still held at end of year
Short-term investments and other investments								
FVTPL	$835	$74	$(26)	$327	$(311)	$(24)	$875	$74
FVTOCI	8,793	—	(2,437)	1,815	(239)	—	7,932	—
Trade and other receivables (FVTPL)	438	(26)	(9)	47	—	(144)	306	(26)

Notes:

1. "Increase due to purchases and other" and "Decrease due to sales and other" include changes due to consolidation, deconsolidation and transfer from (to) other accounts. "Net realized/unrealized gains (losses) included in other comprehensive income (loss)" and "Increase due to purchases and other" in Short-term investments and other investments (FVTOCI) are mainly due to the decrease of resource-related assets and investments on energy resource businesses, respectively.
2. There are no material transfers between different levels during the year ended March 31, 2016.

Gains (losses) on short-term investments and other investments included in profit for the year are recognized in "Gains (losses) on investments" in the consolidated statement of income. Gains (losses) on trade and other receivables (FVTPL) included in profit for the year are recognized in "Other income (expense)-net" in the consolidated statement of income.

The amount recognized as other comprehensive income (loss) for financial assets measured at FVTPL is included in "Exchange differences on translating foreign operations" in the consolidated statement of other comprehensive income. The amount recognized as other comprehensive income (loss) for financial assets measured at FVTOCI is included in "Gains (losses) on other investments designated as FVTOCI" and "Exchange differences on translating foreign operations" in the consolidated statement of other comprehensive income.

Fair value measurement of assets and liabilities measured at fair value on a recurring basis

Cash and cash equivalents

Level 1 cash and cash equivalents are cash and current accounts, for which the carrying amount approximates fair value.

Short-term investments and other investments

Level 1 short-term investments and other investments are primarily marketable equity securities valued at the quoted market price in an active market. Level 2 short-term investments and other investments are primarily investments in hedge funds valued based on modified net asset value per share of investees. Level 3 short-term investments and other investments are primarily non-marketable equity securities valued by discounted cash flows, making comparisons with similar transactions and modified net asset value per share of investees, etc.

The fair values of short-term investments and other investments classified in Level 3 are measured by personnel in the accounting departments of the Company who manage the investments, with information on discounted cash flows of the investees, information on the net modified asset value per share of the investees, or independent third party appraisals.

Trade and other receivables (FVTPL)

Trade and other receivables measured at FVTPL are primarily non-recourse receivables valued by discounted cash flows using the interest rate applied in cases where loans or credit with the same terms and remaining maturities are provided to borrowers or customers with a similar credit rating, excluding variable interest rate loans, etc., whose carrying amounts approximate fair value. Trade and other receivables measured at FVTPL are classified in Level 3 if the amount affected by unobservable inputs covers a significant proportion of fair value, and Level 2 if the amount affected by unobservable inputs does not cover a significant proportion of fair value.

The fair values of trade and other receivables classified in Level 3 are measured by personnel in the accounting departments of the Company who manage the corresponding assets, with information on discounted cash flows from such receivables.

Derivatives

Derivatives classified in Level 1 are comprised principally of commodity derivative contracts traded on exchanges market, which are valued using quoted market prices. Derivatives classified in Level 2 are comprised principally of commodity derivative contracts traded in over-the-counter markets, which are valued by pricing models using observable market inputs such as interest rates, foreign exchange rates and commodity prices. Derivatives classified in Level 3 are comprised principally of more structured commodity derivatives, which are valued based on unobservable inputs. Credit risks are adjusted in the net balance of derivative assets and liabilities.

Inventories and other current assets

Level 1 and Level 2 inventories and other current assets are primarily inventories of nonferrous metals held for trading purposes and assets related to precious metals leasing, which are classified in Level 1 if they are valued using quoted market prices, and Level 2 if they are valued by pricing models using observable inputs such as commodity prices. The fair values of these inventories and other current assets include costs to sell, which are immaterial.

The valuation methods for the fair value measurements

The valuation methods for the fair value measurements of all the financial instruments are determined based on the valuation policies and procedures which include the valuation methods approved by the proper accounting personnel. The business plans and development plans which provide a basis for cash flows are decided through internal verification procedures and discussing with or hearing to business partners or specialized agencies of the third party, after due actual vs. budget variance analysis during internal verification procedures. The discount rates properly reflect the risk premium, the risk free rate and the unlevered rate, considering external environment such as geopolitical risks. Resource price forecast is a significant unobservable input for the fair value measurements of resource-related investments and calculated comprehensively considering the present price, the future forecast for supply and demand, the price forecast by the independent third party etc. Short-term price trend is more likely to be affected by the present price and mid-to-long-term price trend is more likely to be affected by the future forecast for supply and demand and the price forecast by the independent third party than other factors. The changes in unobservable inputs are analyzed in comparison with these inputs in the previous fiscal year and the report issued by the independent third party. All the valuations and the analysis of the changes in unobservable inputs are reviewed quarterly by the accounting personnel and approved by the authorized management of the administration departments of the Company. The valuation policies and procedures including the valuation methods for the fair value measurements are decided and periodically reviewed by the corporate accounting department of the Parent, based on its accounting manual.

Assets and liabilities measured at fair value on a non-recurring basis

Asssets and liabilities that are measured at fair value on a non-recurring basis are stated in "Non-current assets or disposal groups held for sale" in Note 12.

Quantitative information about Level 3 Fair Value Measurements

The following tables present information about valuation techniques and unobservable inputs used for the major Level 3 assets measured at fair value by the significant and unobservable inputs at March 31, 2015 and 2016.

(March 31, 2015)

Classification	Fair value (Millions of Yen)		Valuation technique	Unobservable input	Weighted average
Non-marketable equity securities	¥783,722		Discounted cash flow	Discount rate	10.4%

(March 31, 2016)

Classification	Fair value (Millions of Yen)	Fair value (Millions of U.S. Dollars)	Valuation technique	Unobservable input	Weighted average
Non-marketable equity securities	¥703,058	$6,277	Discounted cash flow	Discount rate	10.2%

The significant unobservable input used in measuring the fair value of non-marketable equity securities is the discount rate. Substantial changes in such inputs cause the fair value to substantially fall (rise).

Fair value of financial instruments measured at amortized cost

The following is a breakdown of the carrying amounts and fair values of financial instruments that are measured at amortized cost at March 31, 2015 and 2016.

(March 31, 2015)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	¥1,246,600	—	¥1,246,600	—	¥1,246,600
Short-term investments and other investments	128,225	¥42,610	23,845	¥61,902	128,357
Trade and other receivables	3,481,910	—	3,434,858	72,494	3,507,352
Total assets	¥4,856,735	¥42,610	¥4,705,303	¥134,396	¥4,882,309
Liabilities					
Borrowings	6,348,993	—	6,325,281	—	6,325,281
Trade and other payables	2,531,504	—	2,530,691	—	2,530,691
Total liabilities	¥8,880,497	—	¥8,855,972	—	¥8,855,972

(March 31, 2016)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	¥1,042,165	—	¥1,042,165	—	¥1,042,165
Short-term investments and other investments	137,583	¥70,551	10,892	¥56,297	137,740
Trade and other receivables	2,942,548	—	2,909,988	58,769	2,968,757
Total assets	¥4,122,296	¥70,551	¥3,963,045	¥115,066	¥4,148,662
Liabilities					
Borrowings	6,042,606	—	5,993,166	—	5,993,166
Trade and other payables	2,190,252	—	2,189,934	—	2,189,934
Total liabilities	¥8,232,858	—	¥8,183,100	—	¥8,183,100

(March 31, 2016)

	Millions of U.S. Dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	$9,305	—	$9,305	—	$9,305
Short-term investments and other investments	1,228	$630	98	$502	1,230
Trade and other receivables	26,273	—	25,982	525	26,507
Total assets	$36,806	$630	$35,385	$1,027	$37,042
Liabilities					
Borrowings	53,952	—	53,510	—	53,510
Trade and other payables	19,556	—	19,553	—	19,553
Total liabilities	$73,508	—	$73,063	—	$73,063

Fair value measurement of financial instruments measured at amortized cost

Cash equivalents and time deposits

Carrying amounts of cash equivalents and time deposits measured at amortized cost approximate fair value due to their relatively short maturities.

Short-term investments and other investments

Short-term investments and other investments measured at amortized cost are mainly domestic and foreign debt securities and non-marketable investments such as guarantee deposits. Debt securities classified in Level 1 are valued at the quoted market price in an active market, and debt securities classified in Level 2 are valued at the quoted market price of the same assets in an inactive market.

Trade and other receivables

For trade and other receivables that have relatively short maturities, the carrying amounts approximate fair value. The fair values of trade and other receivables that do not have short maturities are determined using a discounted cash flow based on estimated future cash flows which incorporate the characteristics of the receivables, including principal and contractual interest rates, and discount rates reflecting the Company's assumptions related to credit spread.

Borrowings

The fair values of borrowings are estimated based on the present value of estimated future cash flows computed using interest rates that are currently available to the Company for debt with similar terms and remaining maturities.

Trade and other payables

For trade and other payables that have relatively short maturities, the carrying amounts approximate fair value. The fair values of trade and other payables that do not have short-term maturities are estimated based on the present value of estimated future cash flows computed using interest rates that are currently available to the Company for debt with similar terms and remaining maturities.

32. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The amounts of financial assets and financial liabilities that are subject to enforceable master netting agreements or similar agreements at March 31, 2015 and 2016 were as follows.

(March 31, 2015)

	Millions of Yen		
	Financial assets		Financial liabilities
	Derivatives	Loans receivable	Derivatives
Gross amount of assets (before offset)	¥858,730	¥154,969	¥729,147
Offset amount	(541,380)	−	(541,380)
Amount presented in the consolidated statement of financial position	317,350	154,969	187,767
Trade and other receivables (current)	−	154,969	−
Other financial assets (current)	203,348	−	−
Other current assets (current)	1,568	−	−
Other financial assets (non-current)	112,434	−	−
Other financial liabilities (current)	−	−	161,916
Other financial liabilities (non-current)	−	−	25,851
Amount presented in the consolidated statement of financial position	317,350	154,969	187,767
Amount not offset in the consolidated statement of financial position			
Financial instruments	(97,207)	(154,969)	(97,207)
Cash collateral payables	(6,150)	−	(7,612)
Net	¥213,993	−	¥82,948

(March 31, 2016)

	Millions of Yen			Millions of U.S. Dollars		
	Financial assets		Financial liabilities	Financial assets		Financial liabilities
	Derivatives	Loans receivable	Derivatives	Derivatives	Loans receivable	Derivatives
Gross amount of assets (before offset)	¥585,508	¥40,000	¥400,644	$5,227	$357	$3,577
Offset amount	(297,184)	—	(297,184)	(2,653)	—	(2,653)
Amount presented in the consolidated statement of financial position	288,324	40,000	103,460	2,574	357	924
Trade and other receivables (current)	—	40,000	—	—	357	—
Other financial assets (current)	148,718	—	—	1,328	—	—
Other current assets (current)	13	—	—	0	—	—
Other financial assets (non-current)	139,593	—	—	1,246	—	—
Other financial liabilities (current)	—	—	84,252	—	—	753
Other current liabilities (current)	—	—	561	—	—	5
Other financial liabilities (non-current)	—	—	18,647	—	—	166
Amount presented in the consolidated statement of financial position	288,324	40,000	103,460	2,574	357	924
Amount not offset in the consolidated statement of financial position						
Financial instruments	(50,585)	(40,000)	(50,585)	(452)	(357)	(452)
Cash collateral payables	(12,869)	—	(13,423)	(114)	—	(120)
Net	¥224,870	—	¥39,452	$2,008	—	$352

Derivative transactions

The Company has derivative transactions subject to an enforceable master netting agreement or similar agreement with counterparties.

These agreements prescribe that, in the event of non-performance or cancellation of any provision, all financial instruments within their scope must be settled in a single net amount. A master netting agreement creates a right of set off but the agreement does not automatically grant the right of set off.

Reverse repurchase transactions

The Company has lending agreements where the Company is able to offset the debt securities pledged as collateral against the loan in the event of debt default, bankruptcy or failure of the counterparty. The agreements provide a right of set off for the Company but do not grant the right of set off automatically.

33. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company, in the normal course of business, is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. To manage the exposures to these risks, the Company generally identifies its net exposures and utilizes transactions which can mitigate market risks.

Additionally, the Company enters into various derivative transactions pursuant to the Company's risk management strategies to hedge the exposures to market risks. Refer to Note 34 for details of the risk management strategies.

The types of derivatives used by the Company are primarily interest rate swaps, forward exchange contracts, currency swaps and commodity futures contracts. The changes in fair values or cash flows of these derivatives are offset in part or in whole by corresponding changes in the fair values or cash flows of the hedged items.

In the case where transactions which can mitigate market risk cannot be utilized, the Company performs hedge designation pursuant to its risk management strategies and applies hedge accounting. In these circumstances, in order to assess whether the changes in fair values or cash flows of hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items, both at the inception of the hedge and on an on-going basis, the Company confirms the economic relationship between the hedging instruments and the hedged items by qualitative assessment which confirms whether the critical terms of the hedging instruments and the hedged items match or are closely aligned or quantitative assessment which confirms that the hedging instruments and the hedged items have values that will move in the opposite direction because of the same risk. The effect of credit risk on the hedging relationship is immaterial. When the hedging relationship is expected to result in ineffectiveness, the Company measures the hedge ineffectiveness by the quantitative method. As the Company performs hedges which are highly effective, the amount of hedge ineffectiveness is immaterial.

At the inception of the hedging relationship, the Company determines the hedge ratio of the hedging relationship based on the quantity of the hedged items and the quantity of the hedging instruments, which are generally one to one. If a hedging relationship ceases to meet the hedge effectiveness requirement but the risk management objective remains the same, the Company adjusts the hedge ratio determined at the inception of the hedging relationship so that it meets the qualifying criteria again. When the risk management objective for a hedging relationship is changed, the Company discontinues applying hedge accounting.

(1) Impact of hedging activities on the consolidated statement of financial position

The following are the carrying amounts of derivative instruments and non-derivative financial instruments designated as hedging instruments at March 31, 2015 and 2016.

		Millions of Yen				Millions of U.S. Dollars	
		March 31, 2015		March 31, 2016		March 31, 2016	
Hedging instruments		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value hedge							
Interest rate contracts	Current	¥1,137	¥1	¥2,281	¥23	$20	$0
	Non-current	84,253	1,792	119,946	3,060	1,071	27
Foreign exchange contracts	Current	36	158	17	151	0	1
	Non-current	−	126	−	3	−	0
Sub-total		85,426	2,077	122,244	3,237	1,091	28
Cash flow hedge							
Interest rate contracts	Current	20	268	14	257	0	2
	Non-current	417	2,095	214	1,886	2	17
Foreign exchange contracts	Current	886	2,625	3,292	1,445	29	13
	Non-current	196	2,063	341	1,057	3	9
Commodity contracts	Current	344	2,027	340	209	3	2
	Non-current	429	1,023	−	−	−	−
Sub-total		2,292	10,101	4,201	4,854	37	43
Hedge of the net investment in foreign operations							
Foreign exchange contracts	Current	708	10,659	3,966	558	35	5
Foreign-currency-denominated debt	Current	−	4,329	−	5,409	−	48
	Non-current	−	12,644	−	190,837	−	1,704
Sub-total		708	27,632	3,966	196,804	35	1,757
Total		¥88,426	¥39,810	¥130,411	¥204,895	$1,163	$1,828

The derivative instruments above are included in "Other financial assets" or "Other financial liabilities", and the foreign-currency-denominated debt above is included in "Borrowings" in the consolidated statement of financial position.

The following are the nominal amounts related to major derivative instruments designated as hedging instruments at March 31, 2015 and 2016. As the Company uses various types of hedging instruments, it is difficult to provide a breakdown of the nominal amounts by maturity or the average price of the hedging instruments.

(March 31, 2015)

Risk category	Type of hedge	Hedging instrument	Nominal amount	
Interest rate risk	Fair value hedge	Fixed receive / floating pay interest rate swap	1,667,840	Million yen
			3,260,000	Thousand U.S. Dollars
			400,000	Thousand Australian Dollars
		Fixed pay / floating receive interest rate swap	5,022	Million yen
			240,657	Thousand U.S. Dollars
	Cash flow hedge	Fixed pay / floating receive interest rate swap	164,168	Thousand Australian Dollars
Foreign currency risk	Hedge of the net investment in foreign operations	U.S. Dollars sell / Japanese Yen buy foreign exchange contract	5,374,173	Thousand U.S. Dollars
		U.S. Dollars denominated debt	141,237	Thousand U.S. Dollars
Commodity price risk	Cash flow hedge	Aluminum ingot future buy contract	48,775	MT
		Aluminum ingot future sell contract	42,175	MT

(March 31, 2016)

Risk category	Type of hedge	Hedging instrument	Nominal amount	
Interest rate risk	Fair value hedge	Fixed receive / floating pay interest rate swap	1,666,500	Million yen
			2,270,000	Thousand U.S. Dollars
			400,000	Thousand Australian Dollars
		Fixed pay / floating receive interest rate swap	599	Million yen
			733,361	Thousand U.S. Dollars
	Cash flow hedge	Fixed pay / floating receive interest rate swap	3,500	Million yen
			157,729	Thousand Australian Dollars
Foreign currency risk	Cash flow hedge	Euros buy / British Pounds sell foreign exchange contract	194,910	Thousand Euros
	Hedge of the net investment in foreign operations	U.S. Dollars sell / Japanese Yen buy foreign exchange contract	1,738,531	Thousand U.S. Dollars
		U.S. Dollars denominated debt	1,741,620	Thousand U.S. Dollars

The following are the carrying amounts of the hedged items and the accumulated amounts of fair value hedge adjustments included in the carrying amounts of the hedged items at March 31, 2015 and 2016.

(March 31, 2015)

		Millions of Yen		
Risk category	Account in the consolidated statement of financial position	Carrying amount	Accumulated amount of fair value hedge adjustments	Accumulated amount of fair value hedge adjustments that have ceased to be applied fair value hedge
Interest rate risk	Trade and other receivables	¥31,527	¥1,485	—
	Borrowings	2,207,835	85,603	¥2,574

(March 31, 2016)

		Millions of Yen		
Risk category	Account in the consolidated statement of financial position	Carrying amount	Accumulated amount of fair value hedge adjustments	Accumulated amount of fair value hedge adjustments that have ceased to be applied fair value hedge
Interest rate risk	Trade and other receivables	¥25,224	¥1,710	—
	Other investments	60,908	13	—
	Borrowings	2,233,335	118,349	¥5,768

(March 31, 2016)

		Millions of U.S. Dollars		
Risk category	Account in the consolidated statement of financial position	Carrying amount	Accumulated amount of fair value hedge adjustments	Accumulated amount of fair value hedge adjustments that have ceased to be applied fair value hedge
Interest rate risk	Trade and other receivables	$225	$15	—
	Other investments	544	0	—
	Borrowings	19,940	1,057	$52

The following are the amounts of other components of equity recognized by cash flow hedges and net investment hedges at March 31, 2015 and 2016.

(March 31, 2015)

		Millions of Yen	
Risk category	Type of hedge	Other components of equity recognized by continuing hedges	Other components of equity recognized by hedging relationships for which hedge accounting is no longer applied
Interest rate risk	Cash flow hedge	¥(17,311)	—
Foreign currency risk	Cash flow hedge	(3,034)	—
	Net investment hedge	(149,489)	¥(3,667)
Commodity price risk	Cash flow hedge	1,736	—

(March 31, 2016)

		Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of U.S. Dollars
Risk category	Type of hedge	Other components of equity recognized by continuing hedges		Other components of equity recognized by hedging relationships for which hedge accounting is no longer applied	
Interest rate risk	Cash flow hedge	¥(18,890)	$(169)	—	—
Foreign currency risk	Cash flow hedge	(1,891)	(17)	—	—
	Net investment hedge	(70,287)	(628)	¥(93,524)	$(835)
Commodity price risk	Cash flow hedge	2,117	19	—	—

(2) Impact of hedging activities on the consolidated statement of income and on other comprehensive income
The following are the gains or losses related to hedging activities for the years ended March 31, 2015 and 2016.

(Year ended March 31, 2015)

Fair value hedges

The following are the change in fair value of the hedging instrument and the change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the year ended March 31, 2015.

	Millions of Yen	
Risk category	Change in fair value of hedging instrument	Change in value of hedged item
Interest rate risk	¥17,014	¥(17,004)
Foreign currency risk	(964)	963

The line item in the consolidated statement of income that includes the recognized hedge ineffectiveness is "Other income (expense)-net" for the year ended March 31, 2015.

Cash flow hedges

Risk category	Millions of Yen Amount of gain (loss) recognized in OCI (effective portion)	Account in the consolidated statement of income	Millions of Yen Amount of gain or loss reclassified from other components of equity into profit or loss (effective portion)
Interest rate risk	¥(3,878)	Finance costs	¥(2,369)
Foreign currency risk	(3,065)	Other income (expense)-net	(426)
Commodity price risk	720	Revenues/ (Cost of revenues)	(426)

Hedge ineffectiveness related to cash flow hedge is recorded in the same account in the consolidated statement of income as in the table above for the year ended March 31, 2015. During the year ended March 31, 2015, there was no discontinuance of cash flow hedges as it was probable that the original forecasted transactions would not occur by the end of the originally specified time period.
Refer to Note 23 for the breakdown of other components of equity and other comprehensive income.

The change in fair value of the hedging instrument and the change in value of the hedged item used as the basis for recognizing hedge ineffectiveness were immaterial for the year ended March 31, 2015.

Net investment hedges

Risk category	Millions of Yen Amount of loss recognized in OCI (effective portion)	Account in the consolidated statement of income	Millions of Yen Amount of loss reclassified from other components of equity into profit or loss (effective portion)
Foreign currency risk	¥(97,274)	Gains on investments	¥(14,502)

Hedge ineffectiveness related to net investment hedge is recorded in the same account in the consolidated statement of income as in the table above for the year ended March 31, 2015.

The following are the change in fair value of the hedging instrument and the change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the year ended March 31, 2015.

	Millions of Yen	
Risk category	Change in fair value of hedging instrument	Change in value of hedged item
Foreign currency risk	¥(106,542)	¥104,353

(Year ended March 31, 2016)

Fair value hedges

The following are the change in fair value of the hedging instrument and the change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the year ended March 31, 2016.

	Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of U.S. Dollars
Risk category	Change in fair value of hedging instrument		Change in value of hedged item	
Interest rate risk	¥35,547	$317	¥(35,505)	$(317)
Foreign currency risk	111	1	(111)	(1)

The line item in the consolidated statement of income that includes the recognized hedge ineffectiveness is "Other income (expense)-net" for the year ended March 31, 2016.

Cash flow hedges

	Millions of Yen	Millions of U.S. Dollars		Millions of Yen	Millions of U.S. Dollars
Risk category	Amount of gain (loss) recognized in OCI (effective portion)		Account in the consolidated statement of income	Amount of gain or loss reclassified from other components of equity into profit or loss (effective portion)	
Interest rate risk	¥(1,333)	$(12)	Finance costs	¥(2,436)	$(22)
Foreign currency risk	1,358	12	Other income (expense)-net	(1,602)	(14)
Commodity price risk	(481)	(4)	Revenues/ (Cost of revenues)	(270)	(2)

Hedge ineffectiveness related to cash flow hedges is recorded in the same account in the consolidated statement of income as in the table above for the year ended March 31, 2016. During the year ended March 31, 2016, there was no discontinuance of cash flow hedges as it was probable that the original forecasted transactions would not occur by the end of the originally specified time period.
Refer to Note 23 for the breakdown of other components of equity and other comprehensive income.

The change in fair value of the hedging instrument and the change in value of the hedged item used as the basis for recognizing hedge ineffectiveness were immaterial for the year ended March 31, 2016.

Net investment hedges

	Millions of Yen	Millions of U.S. Dollars		Millions of Yen	Millions of U.S. Dollars
Risk category	Amount of loss recognized in OCI (effective portion)		Account in the consolidated statement of income	Amount of loss reclassified from other components of equity into profit or loss (effective portion)	
Foreign currency risk	¥24,851	$222	Gains on investments	¥(279)	$(2)

Hedge ineffectiveness related to net investment is recorded in the same account in the consolidated statement of income as in the table above for the year ended March 31, 2016.

The following are the change in fair value of the hedging instrument and the change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for the year ended March 31, 2016.

	Millions of Yen	Millions of U.S. Dollars	Millions of Yen	Millions of U.S. Dollars
Risk category	Change in fair value of hedging instrument		Change in value of hedged item	
Foreign currency risk	¥41,532	$371	¥(44,240)	$(395)

34. RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

The Company's risk management strategies for each risk are as follows. Please refer to Note 33 for further information regarding hedging activities.

Interest rate risk management

The Company's financing, investing and cash management activities are exposed to risks associated with changes in interest rates. In order to manage these exposures, the Company enters into interest rate swap contracts. Interest rate swaps are used, in most cases, to convert fixed-rate assets or debts to floating-rate assets or debts, as well as to convert some floating-rate assets or debts to a fixed basis. The objective of maintaining this mix of fixed- and floating-rate assets and debts is to allow the Company to manage the overall value of cash flows attributable to certain assets and debt instruments.

At March 31, 2015 and 2016, the Company had gross interest-bearing liabilities of approximately ¥6,349.0 billion and ¥6,042.6 billion ($54 billion), respectively. Since almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are positively affected by changes in interest rates. Since a rise in interest rates produces an increase in income from these assets, although there is a time lag, interest rate risk is mitigated. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income and other income streams, such as dividends, are strongly correlated with economic cycles. Accordingly, even if interest rates increase through economic improvement, leading to higher interest expenses, the Company believes that these expenses would be offset by an increase in income from the corresponding asset holdings.

However, the Company's operating results may be negatively impacted temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses.

To monitor market movements in interest rates and respond to market risks, the Parent has an ALM (Asset Liability Management) Committee, which establishes fund procurement strategies and manages the risk of interest rate fluctuations.

Assuming that the interest rate increased/decreased by 1% at March 31, 2015 and 2016, its impact on net income and total equity would be immaterial.

Foreign currency risk management

The Company operates globally and is exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Company operates. The Company's strategy to manage foreign currency risks is to net foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments by utilizing transactions which can mitigate market risks, and to purchase forward exchange and other contracts to preserve the economic value of cash flows in currencies other than the functional currency. The Company believes that in circumstances where these foreign currency contracts have not been designated as hedging instruments, such contracts effectively hedge the impact of the variability in exchange rates. Hedged currencies primarily include U.S. dollar, Australian dollar and Euro.

Estimated amounts of decrease in the total equity assuming that the Japanese yen appreciated by ¥1 at March 31, 2015 and 2016 were as follows. Estimated amounts of increase in the total equity assuming that the Japanese yen depreciated by ¥1 were the same amounts.

Currency	2015 (Billion Yen)	2016 (Billion Yen)	2016 (Million U.S. Dollars)
U.S. Dollar	¥13.0	¥14.0	$125
Australian Dollar	8.0	7.0	63
Euro	1.3	2.1	19

Commodity price risk management

The Company is exposed to fluctuations in commodity prices associated with various commodities used in its trading and other operating activities. The Company enters into commodity futures, forwards, options and swap contracts to hedge the variability in commodity prices in accordance with its risk management strategies. Although these contracts are generally not designated as hedging instruments except in certain cases where the contracts are designated as cash flow hedges, the Company believes that such contracts effectively hedge the impact of the variability in commodity prices.

At March 31, 2015 and 2016, the Company did not perform commodity derivative transactions other than those for hedging purposes as a general rule. Therefore, the risk exposure pertaining to the net position of derivative transactions and transactions being hedged, and the impact of commodity price fluctuations on net income and total equity was immaterial.

Share price risk management

Based on its risk management policies, the Company manages the risk of share price fluctuations by periodically monitoring fair value and unrealized gains (losses) with respect to each investee.

At March 31, 2015 and 2016, the Company owned approximately ¥1,600 billion ($14 billion) (fair value basis) of marketable securities. These investments are mostly equity issues of customers, suppliers and the associates which are exposed to the risk of fluctuations in share prices.

Assuming that the share price rose or fell by 10% at March 31, 2015 and 2016, increase or decrease in total equity amounted to approximately ¥72 billion and approximately ¥61 billion ($0.5 billion), respectively. As most of the marketable securities held by the Company are classified as financial assets measured at FVTOCI as per accounting policy described in Note 3, assuming that the share price rose or fell by 10%, its impact on net income was immaterial. Please refer to Note 8 for the exposure of non-marketable investments at March 31, 2015 and 2016.

Credit risk management

The Company is exposed to credit risk arising from extending credit terms to its customers in various business transactions with them. In case of deterioration in the credit of or bankruptcy of customers, the risk exposure causes the Company to experience credit loss. To manage the credit risk, the Company maintains credit and transaction limits for each customer with an internal rating system. According to the internal rules corresponding to the internal ratings and the amount of credit, the Company also requires collateral or a guarantee depending on the credit profile of the counterparty.

In spite of the various engagements in various businesses and industries, the Company has assessed the nature and characteristics of the credit risk based on a single consistent method, and has managed its credit risk without classification corresponding to the business types or the industries of the customers. The Company considers that the customers' financial position offers a relevant and sufficient information for the assessment of the Company's credit risk because the Company estimates that its credit risk is relatively insignificant, compared to its market and foreign currency risks.

The Company is not exposed to credit risks that are over-concentrated in a single counterparty or a group to which the counterparty belongs.

The contract amount of guarantees and the carrying amount of impaired financial assets presented in the consolidated financial statements represent the maximum exposure of the Company's financial assets to credit risks, without taking into account the valuation of collateral held. Please refer to Note 43 for details of guarantees.

Liquidity risk management

The Company's basic policy concerning the procurement of funds to support business activities is to procure funds in a stable and cost-effective manner. For funding purposes, the Company selects and utilizes, as needed, both direct financing, such as commercial paper and corporate bonds, and indirect financing, including bank loans. The Company seeks to use the most advantageous means, according to market conditions at the time. The Company has a strong reputation in capital markets and with regard to indirect financing, the Company maintains good relationships with a broad range of financial institutions in addition to Japanese mega banks, including foreign-owned banks, life insurance companies and regional banks. This diversity allows the Company to procure funds on terms that are cost competitive. Regarding management of funds on a consolidated basis, the Company has a group financing policy in which funds are raised principally by the Parent, as well as domestic and overseas finance companies and overseas regional subsidiaries, and distributed to other subsidiaries.

The breakdown of financial liabilities (except for obligations under finance leases) by due date at March 31, 2015 and 2016 was as follows, excluding the effect of adjustments to fair value under fair value hedge accounting.

Please refer to Note 36 for the obligations under finance leases by due date.

(March 31, 2015)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	¥1,512,288	¥2,472,153	¥2,276,375	¥6,260,816
Trade and other payables	2,465,074	44,792	21,638	2,531,504
Other financial liabilities (derivatives)	161,916	22,188	3,663	187,767
Financial guarantee contracts	410,396	91,800	133,007	635,203
Total	¥4,549,674	¥2,630,933	¥2,434,683	¥9,615,290

(March 31, 2016)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	¥1,480,331	¥2,076,943	¥2,361,215	¥5,918,489
Trade and other payables	2,111,637	56,172	22,443	2,190,252
Other financial liabilities (derivatives)	84,252	15,873	2,774	102,899
Financial guarantee contracts	261,896	174,761	235,751	672,408
Total	¥3,938,116	¥2,323,749	¥2,622,183	¥8,884,048

(March 31, 2016)

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	$13,218	$18,544	$21,082	$52,844
Trade and other payables	18,854	501	200	19,555
Other financial liabilities (derivatives)	752	142	25	919
Financial guarantee contracts	2,338	1,561	2,105	6,004
Total	$35,162	$20,748	$23,412	$79,322

The Company maintains lines of credit with various banks. The short-term and long-term portions of unused lines of credit, including overdraft contracts and facilities discussed below, totaled ¥923,507 million and ¥648,769 million, respectively, at March 31, 2015 and ¥796,567 million ($7,112 million) and ¥829,989 million ($7,411 million), respectively, at March 31, 2016.

The lines of credit include Japanese yen facilities of ¥510,000 million ($4,554 million) held by the Parent and ¥90,000 million ($804 million) held by a domestic subsidiary, and foreign currency facilities for major currencies equivalent to $2,000 million and for soft currencies equivalent to $300 million held by the Parent and foreign subsidiaries at March 31, 2016. The Parent and the subsidiaries are required to comply with certain financial covenants to maintain these facilities.

The Parent utilizes its long-term portions of unused lines of credit, discussed above, totaling ¥410,000 million ($3,661 million) which terminate in December 2020, to support its commercial paper program. The commercial paper program is used to fund working capital and other general corporate requirements as needed. The Company had ¥10,000 million ($83 million) of outstanding commercial paper at March 31, 2015 that was recognized on the consolidated statement of financial position for this purpose. Meanwhile, the Company had no outstanding commercial paper at March 31, 2016.

35. TRANSFERS OF FINANCIAL ASSETS

(1) Continuing involvement in derecognized financial assets for the years ended March 31, 2015 and 2016 were as follows.

The Company has established a Receivable Purchase Facility with a maximum funding amount of EUR 500 million (¥63,850 million, or $570 million) transferring its contractually qualified loan receivables to third parties. In line with the facility, the Company can subsequently transfer its receivables with a maximum amount of EUR 500 million (¥63,850 million, or $570 million) over a revolving period of three years after July 2013. The amount of EUR 500 million (¥63,850 million, or $570 million) mentioned above is the discounted amount which the Company transferred to third parties. In addition, the Company has the right to receive a part of the future interest income from the transferred receivables. Also, the Company bears its credit risk for the transferred receivables up to a portion of the facility by depositing cash and providing guarantees to the purchasers. Further, the Company acts as a service provider, collecting the loan principal and interest.

The Company derecognized the transferred assets and treated the transactions above as sales transactions due to substantially all the risks and rewards of ownership being transferred to third parties. The transactions for the years ended March 31, 2015 and 2016 were as follows. The amount of income through the sales was immaterial for the years ended March 31, 2015 and 2016.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Total amount of the loan receivables derecognized	¥26,972	¥30,649	$274
Total amount of consideration received	26,864	30,527	273

The Company, at the time when it transfers the loan receivables and every quarter end, measures the fair value of its right to receive the future interest income. The Company recognized the rights as trade and other receivables (current and non-current). The aggregate amounts of the assets recognized regarding the transaction were immaterial for the years ended March 31, 2015 and 2016.

The Company measures the fair value of its credit risk and its servicing liabilities for the receivables when transferred and at every quarter end, and the amounts of these liabilities were immaterial for the years ended March 31, 2015 and 2016.

The fair value of the assets and liabilities are measured on a recurring basis by the same method mentioned above, and the movements of fair value are recognized in "Other income (expense)-net".

The balance of the main accounts related to the facility as of the years ended March 31, 2015 and 2016 were mainly as follows.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Balance of transferred receivables (the principal amount outstanding)	¥62,833	¥63,822	$570
Fair value of future interest income	2,898	2,725	24
Maximum amount of exposure to losses	8,780	8,604	77

"Balance of transferred receivables" is the balance of the loan receivables derecognized by the transactions at March 31, 2015 and 2016. "Maximum amount of exposure to losses" is the total amount of the cash deposits and the guarantees, provided by the Company for the third parties. No credit losses were incurred for the years ended March 31, 2015 and 2016.

(2) Transferred financial assets that were not derecognized for the years ended March 31, 2015 and 2016 were as follows.

The Company has sold certain trade receivables at discounts in exchange for cash mainly by a note receivables securitization program. Such securitized receivables do not qualify for derecognition since the Company maintains the obligation to compensate the outstanding receivables balance in the event of default.

The transferred financial assets were included in “Trade and other receivables” totaling ¥30,811 million and ¥26,663 million ($238 million) at March 31, 2015 and 2016, respectively. The liabilities associated to the transferred financial assets were included in “Borrowings” totaling ¥30,690 million and ¥26,543 million ($237 million) at March 31, 2015 and 2016, respectively. The Company is not allowed to use the transferred financial assets until the associated liabilities are settled when payments for the transferred financial assets are made.

The transferee has the right to recourse only for the transferred assets. The carrying amount of transferred financial assets and the associated liabilities approximate fair value.

36. LEASES

Lessee

Finance leases as lessee

The Company leases, as lessee, machinery and equipment, real estate and other assets under finance leases. Some of these leases have renewal and purchase options.

The carrying amounts of assets leased under finance leases at March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Buildings	¥3,445	¥2,788	$25
Machinery and equipment	23,244	17,778	158
Vessels and vehicles	3,541	3,897	35
Total	¥30,230	¥24,463	$218

Obligations under finance leases are included in "Trade and other payables" in the consolidated statement of financial position.

The breakdown of future minimum lease payments under finance leases by payment period and the components of the present value of the future minimum lease payments at March 31, 2015 and 2016 was as follows:

	Future minimum lease payments			Present value of future minimum lease payments		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016	2015	2016	2016
Not later than 1 year	¥13,728	¥11,982	$107	¥13,580	¥11,891	$106
Later than 1 year and not later than 5 years	31,827	29,102	260	30,344	27,804	248
Later than 5 years	11,175	8,680	77	9,837	7,879	71
Sub-total	¥56,730	¥49,764	$444	¥53,761	¥47,574	$425
Less amount representing interest	(2,969)	(2,190)	(19)			
Finance lease obligations (Present value of total future minimum lease payments)	¥53,761	¥47,574	$425			

Minimum sub-lease income due in the future at March 31, 2015 and 2016 was ¥24,789 million and ¥23,722 million ($212 million), respectively, and was not deducted from the above amounts.

Operating leases as lessee

The Company leases, as lessee, office space and certain other assets under operating leases. Some of these leases have renewal and purchase options.

Total rental expenses under operating leases for the years ended March 31, 2015 and 2016 were ¥97,419 million and ¥102,455 million ($915 million), respectively. Sub-lease rental income for the years ended March 31, 2015 and 2016 was ¥29,946 million and ¥37,876 million ($338 million), respectively.

The breakdown of future minimum lease payments under non-cancelable leases by payment period at March 31, 2015 and 2016 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Not later than 1 year	¥62,170	¥67,869	$606
Later than 1 year and not later than 5 years	145,870	152,918	1,365
Later than 5 years	77,630	76,438	683
Total	¥285,670	¥297,225	$2,654

Minimum sub-lease income due in the future under non-cancelable leases at March 31, 2015 and 2016 was ¥57,640 million and ¥74,661 million ($667 million), respectively, and was not deducted from the above amounts.

Lessor

Finance leases as lessor

The Company leases, as lessor, vehicles, vessels and other industrial machinery and equipment under finance leases.

Receivables under finance leases are included in "Trade and other receivables" in the consolidated statement of financial position. The breakdown of future minimum lease payments to be received by receipt period and the present value of such minimum lease payments, and the components of the outstanding receivables under finance leases at March 31, 2015 and 2016 was as follows:

	Components of receivables under financial lease			Present value of future minimum lease payments to be received		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016	2015	2016	2016
Future minimum lease payments to be received						
Not later than 1 year	¥187,537	¥162,807	$1,454	¥176,382	¥153,855	$1,374
Later than 1 year and not later than 5 years	362,217	292,991	2,616	310,237	249,959	2,232
Later than 5 years	101,309	84,589	755	75,271	59,081	527
Sub-total	¥651,063	¥540,387	$4,825	¥561,890	¥462,895	$4,133
Estimated unguaranteed residual value of leased assets	1,237	3,361	30			
Gross investment in the lease	652,300	543,748	4,855			
Less unearned income	(89,173)	(77,492)	(692)			
Finance lease receivables	563,127	466,256	4,163			
Less allowance for doubtful receivables	(16,872)	(31,188)	(278)			
Receivables under finance leases (net of allowance for doubtful receivables)	¥546,255	¥435,068	$3,885			

Future minimum lease payments to be received by receipt period do not include contingent rents that may be received under certain lease contracts.

Operating leases as lessor

The Company leases, as lessor, aircraft, vessels and other industrial machinery under operating leases.

The breakdown of future minimum lease payments to be received under non-cancelable leases by receipt period at March 31, 2015 and 2016 was as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Not later than 1 year	¥64,519	¥63,693	$569
Later than 1 year and not later than 5 years	162,950	149,153	1,332
Later than 5 years	112,013	85,625	764
Total	¥339,482	¥298,471	$2,665

37. SERVICE CONCESSION ARRANGEMENTS

In Australia, the Company has various water businesses for the purpose of serving public and business customers. Pursuant to contracts with waterworks departments and other public institutions, the Company is assigned the right to use public infrastructure facilities relating to waterworks, sewerage, regeneration and desalination and provides comprehensive services through design, construction, operation and other activities related to the infrastructure facilities.

IFRIC Interpretation 12 "Service Concession Arrangements" is applied in cases where a public institution effectively controls significant residual interests in the public facilities at the end of the service concession arrangements, on the grounds that there is an obligation to transfer the public facilities or for other such reasons. While there are projects in which the contract term can be extended, their impact on the consolidated financial statements was immaterial. The residual periods of the major service concession arrangements on March 31, 2016 were between 4 and 18 years.

38. SUPPLEMENTAL CASH FLOW INFORMATION

The following is supplemental information related to the consolidated statement of cash flows.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Acquisition of businesses:			
Consideration for acquisition (cash and cash equivalents)			
Total amount of consideration for acquisition	¥157,509	¥15,724	$140
Cash and cash equivalents of acquired businesses	3,060	2,851	25
Consideration for acquisition (net of cash and cash equivalents of acquired businesses)	154,449	12,873	115
Fair value of assets acquired (excluding cash and cash equivalents)			
Trade and other receivables	22,584	11,128	99
Inventories	11,428	4,698	42
Biological assets	60,844	—	—
Property, plant and equipment and investment property	35,919	136,830	1,222
Intangible assets and goodwill	121,513	8,249	74
Other	4,863	13,189	118
Total acquired assets	257,151	174,094	1,555
Fair value of liabilities assumed			
Borrowings	50,702	4,824	43
Trade and other payables	17,413	13,545	121
Other	35,922	6,528	58
Total liabilities assumed	104,037	24,897	222
Non-cash investing and financing activities:			
Assets recognized due to loss of control			
Investment accounted for using the equity method	22,753	19,766	176
Loans receivable	90,827	36,177	323

Notes:

1. Please refer to Note 6 "Business combinations" for the details of assets acquired through significant business combinations for the years ended March 31, 2015 and 2016.
2. Loans receivable recognized as non-cash investing and financing activities for the year ended March 31, 2015 include the loan recognized as consideration for the partial transfer of aircraft business, as described in Note 40 "Interest in joint arrangements and associates".
3. In addition to the above, the Company recognized ¥16,200 million of "other investments" due to loss of control as non-cash investing and financing activities for the year ended March 31, 2015.
4. The acquisition of assets under finance leases was immaterial for the years ended March 31, 2015 and 2016.

39. CONSOLIDATED SUBSIDIARIES

The effects on the equity attributable to owners of the Company of any changes in its ownership interest in consolidated subsidiaries that did not result in a loss of control

The effects on the equity attributable to owners of the Company of any changes in its ownership interest in consolidated subsidiaries that did not result in a loss of control were immaterial for the years ended March 31, 2015 and 2016.

The gains (losses) associated with the loss of control of subsidiaries

The gains (losses) associated with the loss of control of subsidiaries (before tax) were ¥19,689 million and ¥15,122 million ($135 million) for the years ended March 31, 2015 and 2016, respectively. The gains (losses) were included in "Gains on investments" in the consolidated statement of income.

The portions of gains or losses (before tax) attributable to the remeasurement of investment retained in the former subsidiary at its fair value at the date when control was lost were ¥17,652 million and ¥5,650 million ($50 million) for the years ended March 31, 2015 and 2016, respectively.

40. INTERESTS IN JOINT ARRANGEMENTS AND ASSOCIATES

(1) Entities of which the Company does not have control regardless of the possession of more than half of the voting rights

MI Berau B.V. ("MI Berau")

The Company holds a 56% ownership interest in MI Berau, a Netherlands corporation. MI Berau is a joint venture, participating in the Tangguh LNG Project in Indonesia, which was established with INPEX CORPORATION ("INPEX") holding a 44% ownership interest. Under the joint venture agreement with INPEX, significant decisions regarding MI Berau's operations require unanimous consent by the Company and INPEX. The rights given to INPEX in the joint venture agreement are considered substantive participating rights, and control over the operations or assets of MI Berau does not rest with the Company. Accordingly, the Company accounts for its investment in MI Berau using the equity method as a joint venture.

Sulawesi LNG Development Ltd. ("Sulawesi LNG Development")

The Company holds a 75% ownership interest in Sulawesi LNG Development, a UK corporation. Sulawesi LNG Development is a holding company, investing in the Donggi Senoro LNG Project in Indonesia, which was established with Korea Gas Corporation ("KOGAS") holding a 25% ownership interest. Under the shareholder's agreement with KOGAS, significant decisions regarding Sulawesi LNG Development's operations require unanimous consent by the Company and KOGAS. The rights given to KOGAS in the shareholder's agreement are considered substantive participating rights, and control over the operations or assets of Sulawesi LNG Development does not rest with the Company. Accordingly, the Company accounts for its investment in Sulawesi LNG Development using the equity method as a joint venture.

(2) Entities in which the Company has significant influence regardless of the possibility of holding less than 20% of the voting rights, considering the effect of potential voting rights

Olam International Limited

For the year ended March 31, 2016, the Company acquired 20% of the shares of Olam International Limited ("Olam"), an agricultural products company located in Singapore, through the Living Essentials segment. The total amount invested is ¥131,776 million ($1,177 million). At March 31, 2016, Olam issued exercisable convertible bonds and share acquisition rights, which could dilute the voting rights to less than 20% . However, since the Company has a significant influence in Olam's operating and financial policies through directors dispatched by the Parent, the Company accounts for its investment using the equity method.

(3) Share of profit (loss) for the year and other comprehensive income of joint ventures and associates

	Joint ventures			Associates		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016	2015	2016	2016
Profit (loss) for the year	¥99,129	¥11,841	$106	¥104,689	¥(187,230)	$(1,672)
Other comprehensive income	4,924	(26,417)	(236)	39,377	(34,412)	(307)
Comprehensive income	¥104,053	¥(14,576)	$(130)	¥144,066	¥(221,642)	$(1,979)

Reversal of impairment losses on investments accounted for using the equity method

In the year ended March 2015, the Company recognized a gain from reversal of the full amount of the accumulated impairment losses of ¥84,517 million on the Company's investment in Lawson, Inc., in which the Company holds a 32.4% equity interest, reflecting the strong quoted market prices of the shares and other factors.

The Company considered the investment in Lawson, Inc. to be an independent cash-generating unit in the assessment of the reversal and recognized the gain because the fair value less costs of disposal based on quote market prices (Level 1) exceeded the gross carrying amount including the reversal of all accumulated impairment losses. The gain from reversal was included in "Reversal of impairment losses from investment accounted for using the equity method" in the consolidated statement of income in the Living Essentials segment.

Impairment losses on investments accounted for using the equity method

The Company conducted an impairment test on the investment in Anglo American Sur S.A. (AAS) as an investment accounted for using the equity method. AAS is a Chilean copper mining and smelting company, headquartered in Santiago, of which the Company holds 20.4% of the shares through a consolidated subsidiary. In relation to copper prices used in the impairment test, the Company formulated price forecasts, taking into account the fundamentals such as the future supply/demand environment and the data provided by external financial institutions. In the year ended March 2016, the Company recorded an impairment loss of ¥271,194 million ($2,421 million) in "Share of profit (loss) of investments accounted for using the equity method", resulting in a book value of ¥190,990 ($1,705 million), considering the decline of copper price forecast caused by the sluggish copper market price and an extension of the time frame for the development of mining projects. Since AAS's production and development plans are considered in long-term perspective, mid-to-long-term price forecast more significantly impact on valuation of our investment to AAS compared to price forecast in short-term period.

The company owns a 7.2% interest in the Browse LNG project in Western Australia through Japan Australia LNG (MIMI Browse), in which the Company holds 50% of the shares. The Company conducted an impairment test on this interest, as an investment accounted for using the equity method. As sharp declines in oil and gas prices have resulted in considerable postponement in floating LNG development plans, the Company recognized an impairment loss of ¥40,362 million ($360 million) in "Share of profit (loss) of investments accounted for using the equity method" in the year ended March 2016.

(4) Sale of goods / rendering of service to and goods purchased / service received from joint ventures and associates

	Joint ventures			Associates		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016	2015	2016	2016
Sale of goods / rendering of service	¥391,737	¥256,992	$2,295	¥1,137,568	¥1,157,020	$10,331
Goods purchased / service received	328,778	135,983	1,214	946,228	1,056,327	9,431

(5) Assets and liabilities of the Company to joint ventures and associates

	Joint ventures			Associates		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016	2015	2016	2016
(Assets)						
Trade receivables	¥50,773	¥32,010	$286	¥154,159	¥160,354	$1,432
Loans and other	106,404	79,552	710	81,221	50,497	451
(Liabilities)						
Trade payables	50,469	48,709	435	141,494	124,405	1,111
Borrowings and other	27,801	42,430	379	157,535	195,366	1,744

In addition to the above, as of March 31, 2015 and 2016, the Company provided ¥149,416 million and ¥193,947 million ($1,732 million), respectively, of credit guarantees for certain joint ventures, and ¥382,815 million and ¥316,570 million ($2,827 million), respectively, of credit guarantees for certain associates.

The Company has also entered into substantial purchase commitments with joint ventures and associates as of March 31, 2015 and 2016, the outstanding purchase commitments amounted to ¥254,687 million and ¥214,849 million ($1,918 million), respectively with joint ventures, and ¥472,506 million and ¥361,095 million ($3,224 million), respectively with associates.

Cameron LNG Project

With regards to its investment in Cameron LNG, a natural gas liquefaction project which will be operated by Cameron LNG LLC at their Louisiana Terminal in U.S., the Company secured 4 million tons per annum of LNG tolling capacity for 20 years

following the inception of production of LNG scheduled in 2018, for which the Company will pay a tolling service fee, under a natural gas tolling liquefaction agreement with Cameron LNG LCC.
In relation to most of the LNG the Company plans to purchase, the Company also entered into a long term LNG sales contracts with customers mainly in Japan and other markets in Asia.

Transfer of aircraft business to Vermillion Aviation Holdings

For the year ended March 31, 2015, MC Aviation Partners Inc. (“MCAP”), a consolidated subsidiary in the Industrial Finance, Logistics & Development segment, transferred a part of its aircraft business including 12 aircraft in exchange for ¥5 million in cash and a ¥58,942 million loan to Vermillion Aviation Holdings (“VAH”), an associate in which MCAP holds 40% of shares. This loan was fully collected in the year ended March 31, 2015.
Thereafter, MCAP transferred 2 aircrafts to VAH in exchange for ¥16,424 million in the year ended March 31, 2015.

41. STRUCTURED ENTITIES (SEs)

The Company evaluates its involvement with SEs to determine whether the Company has control over SEs. If the Company has the power to direct the activities of the SE that most significantly affect the economic performance and the obligation to absorb losses of or the right to receive benefits from the SE that could potentially be significant to the SE, the Company is considered to have control over the SE and consolidates the SE.

Non-consolidated SEs

The SEs that the Company does not consolidate due to lack of control are involved in various businesses. Most of the SEs are entities established to conduct project financing in infrastructure and real-estate-related businesses. These SEs are financed mainly by borrowings and the Company is involved in the form of equity investments, guarantees and loans, which exposes the Company to investment risks and credit risks.

Total assets of the SEs that the Company does not consolidate, which is related to infrastructure, real-estate related businesses, shipping-related businesses and others which include resource-related and private equity fund businesses, were ¥158,789 million, ¥153,734 million, ¥59,167 million and ¥199,163 million, respectively at March 31, 2015, and ¥208,554 million ($1,862 million), ¥138,673 million ($1,238 million), ¥66,272 million ($592 million) and ¥212,236 million ($1,895 million), respectively at March 31, 2016.

The following table summarizes the carrying amounts of assets and liabilities in the Company's consolidated statement of financial position and the Company's maximum exposures to losses as a result of the Company's involvement in these SEs at March 31, 2015 and 2016.

The following information of the SEs represents the latest one available to the Company.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Carrying amounts of assets in the Company's consolidated statement of financial position	¥70,567	¥79,218	$707
Carrying amounts of liabilities in the Company's consolidated statement of financial position	379	223	2
Maximum exposure to losses	73,315	81,694	729

Carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs consisted primarily of "Trade and other receivables (current and non-current assets)," "Investments accounted for using the equity method" and "Other investments." Carrying amounts of liabilities in the Company's consolidated statement of financial position that relate to the SEs consisted primarily of "Provisions (current assets)" and "Deferred tax liabilities."

There is a difference between the carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs and the maximum exposures to losses, as the Company's maximum exposures to losses include credit guarantees on these SEs. Maximum exposures to losses do not represent anticipated losses probable of occurring due to the Company's involvement with the SEs, and are considered to exceed the anticipated losses considerably.

42. TRANSACTIONS WITH MANAGEMENT PERSONNEL

The amounts of remuneration for the Parent's directors were as follows.

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Monthly remuneration	¥777	¥749	$7
Bonuses	250	—	—
Reserved retirement remuneration	119	122	1
Stock option	382	323	3
Total remuneration	¥1,528	¥1,194	$11

Reserved retirement remuneration is set aside in a certain amount every year as consideration for the performance of duties, and the accumulated amount is calculated and paid in full upon retirement of a director by resolution of the Board of Directors.

The amount of "Stock option" is the amount recognized in the consolidated statement of income and is different from the amount acquired due to the execution of right-related stock option and selling stocks.

43. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

(1) Commitments

The Company has financing agreements (i.e., loan commitments), and outstanding commitments at March 31, 2015 and 2016 amounting to ¥3,796 million and ¥4,926 million ($44 million), respectively.

(2) Guarantees

The Company is a party to various agreements under which it has undertaken obligations resulting from the issuance of certain guarantees. The guarantees have been issued for the companies that are accounted for using the equity method, as well as for customers and suppliers of the Company.

Credit guarantees

The Company provided credit guarantees for certain customers and suppliers, and for the companies accounted for using the equity method, in the form of financial and performance guarantees.

The outstanding amount and the maximum potential amount of future payments under these credit guarantees as of March 31, 2015 and 2016 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2015	2016	2016
Financial guarantees			
Outstanding amount	¥635,203	¥672,408	$6,004
Maximum potential amount of future payments	1,105,820	1,355,712	12,105
Performance guarantees			
Outstanding amount	242,035	215,074	1,920
Maximum potential amount of future payments	242,035	215,074	1,920

These credit guarantees enable the Company's customers, suppliers and the companies accounted for using the equity method to execute transactions or obtain desired financing arrangements with third parties. Most of these guarantees outstanding at March 31, 2016 will expire within 10 years, with certain credit guarantees expiring by the end of 2041. Should the customers, suppliers and the companies accounted for using the equity method fail to perform under the terms of the transaction or financing arrangement, the Company would be required to perform on their behalf.

The Company has set internal ratings based on various information, such as the guaranteed party's financial statements, and manages risks of credit guarantees by establishing limits on guarantees for each guaranteed party based on these internal ratings and requires collateral or reassurance as necessary.

At March 31, 2015 and 2016, the amounts of possible recoveries under recourse provisions from third parties or from collateral on pledged financial guarantees were ¥4,250 million and ¥4,613 million ($41 million), respectively, and on performance guarantees were ¥136,780 million and ¥75,024 million ($670 million), respectively.

The liabilities for these credit guarantees were ¥20,373 million and ¥3,515 million ($31 million) at March 31, 2015 and 2016, respectively.

As of March 31, 2016, there were no credit guarantees with a high probability of a significant loss due to enforcement of the guarantee, except for those recognized as liabilities.

LNG project in Australia

An associate of the Parent acquired a participating interest in a project to develop LNG in Australia (the "Project"). The associate has obtained a $1,927 million line-of-credit from a bank to secure funding for the acquisition of the participating interest and for the future development of the Project. The Parent, along with another participant in the Project, provides a credit guarantee to the bank on the line-of-credit. The maximum potential amount of future payments of the Parent resulting from a default on the line-of-credit is $1,533 million, and is included in "Financial guarantees – Maximum potential amount of future payments" in the table above. As of March 31, 2016, the portion of the associate's draw-down against the line-of-credit that the Parent is responsible for amounted to $1,110 million. The amount is included in "Financial guarantees – Outstanding amount" in the table above.

In addition, the Parent, along with other participants to the Project, provides a performance guarantee to the seller of the participating interest in the Project. The performance guarantee is a joint guarantee of the payments for the participating interest in this Project and for the future funding commitment in accordance with the joint venture agreement. The obligation from this performance guarantee is considered to arise at the execution of project agreements and the total guarantee as of March 31, 2016 is $784 million. The amounts are included in both "Performance guarantees – Maximum potential amount of future payments" and "Performance guarantees – Outstanding amount" in the table above.

The performance guarantee obligation encompasses future planned payments, which will be funded, in part, by the line of credit. Regarding the line item "Maximum potential amount of future payments", the amounts related to the performance guarantee will be reduced to the extent that the associate makes cash call payments for participating interest and development funding, while the amount relating to the maximum potential amount of future payments of credit guarantee will remain the same. In this case, regarding the line item "Outstanding amount", the amount relating to this performance guarantee will be reduced as cash call payments are made, while the amount relating to the credit guarantee will increase.

Indemnification

In the context of certain sales or divestitures of business, the Company occasionally commits to indemnify contingent losses, such as environmental losses, or the imposition of additional taxes. Due to the nature of the indemnifications, the Company's maximum exposure under these arrangements cannot be estimated. No provisions have been recorded for such indemnifications as the Company's obligations under them are not probable and estimable, except for certain cases which already have been claimed.

(3) Litigation

The Company is a party to litigation arising in the ordinary course of business. In the opinion of management, liabilities of the Company, if any, when ultimately determined from the progress of litigation, will not have a materially adverse effect on the consolidated operating results or consolidated financial position of the Company.

44. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 24, 2016.

Stock options

The Parent resolved at the Board of Directors meeting held on May 20, 2016 that it would distribute stock options to Directors, Executive Officers and Senior Vice Presidents of the Parent.

The stock options are to be distributed as described below:

2016 stock options plan A for a stock-linked compensation plan

Total No. of shares granted	:Up to 444,900 ordinary shares of the Parent
Exercise price	:¥1 per share
Exercise term	:June 7, 2016 - June 1, 2045

2016 stock options plan B for a stock-linked compensation plan

Total No. of shares granted	:Up to 579,100 ordinary shares of the Parent
Exercise price	:¥1 per share
Exercise term	:June 7, 2016 - June 6, 2046

Dividends

The Parent was authorized at the general shareholders' meeting held on June 24, 2016 to pay a cash dividend of ¥25 ($0.22) per share, or a total of ¥39,616 million ($354 million) to shareholders of record on March 31, 2016.

45. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Parent's Board of Directors on June 24, 2016.

Appendix

1. List of subsidiaries

The Parent's subsidiaries as of March 31, 2016 are as follows:

Business Segment	Company Name	Voting Rights (%)
Global Environmental & Infrastructure Business Group	DGA Ho Ping B.V. (The Netherlands)	100.00
	DGA Ilijan B.V. (The Netherlands)	100.00
	Diamond Generating Asia, Limited (Hong Kong)	100.00
	Diamond Generating Corporation (U.S.A.)	100.00 (100.00)
	Diamond Generating Europe Limited (U.K.)	100.00
	Diamond Transmission Corporation Limited (U.K.)	100.00
	MC Retail Energy Co., Ltd. (Japan)	84.00
	MCKG Port Holding Corporation. (Japan)	60.00
	Mitsubishi Corporation Machinery, Inc. (Japan)	100.00
	Mitsubishi Corporation Power Ltd. (Japan)	100.00
	Mitsubishi Corporation Power Systems, Inc. (Japan)	100.00
	TRILITY Pty Ltd. (Australia)	60.00
	Others (97 Companies)	
Industrial Finance, Logistics & Development Group	Alternative Investment Capital Limited (Japan)	51.00
	Diamond Car Carriers S.A. (Panama)	100.00
	Diamond RC Holding Limited (Hong Kong)	100.00
	Diamond Realty Investments, Inc. (U.S.A.)	100.00 (100.00)
	Diamond Realty Management Inc. (Japan)	100.00
	DRI Phoenix Limited (Hong Kong)	100.00
	MC AI HOLDINGS Limited (Cayman Islands, British overseas territory)	100.00
	MC Asset Management Holdings, Inc. (U.S.A.)	100.00
	MC Aviation Partners Inc. (Japan)	100.00
	MC Capital Inc. (U.S.A.)	100.00
	MC CREDIT PRODUCTS FUND, Inc. (U.S.A.)	100.00 (20.00)
	MC EMERGING CAPITAL PARTNERS B.V. (The Netherlands)	100.00
	MC Engine Leasing Limited (U.K.)	80.00
	MC GIP-UK Ltd. (U.K.)	100.00
	MC JIIP Holdings Inc.(Cayman Islands, British overseas territory)	100.00
	MC REAL ASSET INVESTMENTS LTD. (Cayman Islands, British overseas territory)	100.00
	Mitsubishi Corp.-UBS Realty Inc. (Japan)	51.00
	Mitsubishi Corporation Asset Management Ltd. (Japan)	100.00
	Mitsubishi Corporation LT, Inc. (Japan)	100.00
	Mitsubishi Corporation Urban Development, Inc. (Japan)	100.00
	New Century Insurance Co., Ltd. (Bermuda, British overseas territory)	100.00
	Port South Aircraft Leasing Co., Ltd. (Japan)	100.00
	PT DIAMOND REALTY INVESTMENT INDONESIA (Indonesia)	100.00 (0.08)
	Seto Futo Co., Ltd. (Japan)	68.32 (20.00)
	Shina River Aviation Financing Co., Ltd. (Japan)	100.00
	Others (121 Companies)	

Business Segment	Company Name	Voting Rights (%)
Energy Business Group	Cordova Gas Resources Ltd. (Canada)	67.50 (67.50)
	Cutbank Dawson Gas Resources Ltd. (Canada)	100.00 (100.00)
	Diamond Gas Netherlands B.V. (The Netherlands)	80.00 (80.00)
	Diamond Gas Resources Pty. Ltd. (Australia)	100.00
	Diamond Gas Sakhalin B.V. (The Netherlands)	100.00
	Diamond LNG Malaysia Sdn. Bhd. (Malaysia)	100.00 (100.00)
	Diamond Tanker PTE. LTD. (Singapore)	100.00
	MCX EXPLORATION (USA), LLC (U.S.A.)	100.00 (100.00)
	Mitsubishi Corporation Energy Co., Ltd. (Japan)	100.00
	Petro-Diamond Singapore (PTE) Ltd. (Singapore)	100.00
	Others (60 Companies)	
Metals Group	Coilplus, Inc. (U.S.A.)	100.00 (100.00)
	Hernic Ferrochrome (Pty) Ltd. (Republic of South Africa)	59.64 (59.64)
	Isuzu Corporation (Japan)	56.60 (56.60)
	JECO Corporation (Japan)	70.00
	M.C. Inversiones Limitada (Chile)	100.00
	MC Copper Holdings B.V. (The Netherlands)	100.00
	MC Metal Service Asia (Thailand) Co., Ltd. (Thailand)	100.00 (100.00)
	Metal One America, Inc. (U.S.A.)	100.00 (100.00)
	Metal One Corporation (Japan)	60.00
	Metal One Holdings America, Inc. (U.S.A.)	92.00 (92.00)
	Metal One Pipe & Tubular Products Inc. (Japan)	100.00 (100.00)
	Metal One Specialty Steel Corporation (Japan)	100.00 (100.00)
	Metal One Steel Products Corporation (Japan)	100.00 (100.00)
	Mitsubishi Corporation RtM International Pte. Ltd. (Singapore)	100.00
	Mitsubishi Corporation RtM Japan Ltd. (Japan)	100.00
	Mitsubishi Development Pty Ltd (Australia)	100.00
	Ryowa Development Pty., Ltd. (Australia)	100.00
	Ryowa Development II Pty., Ltd. (Australia)	100.00
	Tamatsukuri Corporation (Japan)	100.00 (100.00)
	Triland Metals Ltd. (U.K.)	100.00 (9.09)
	Others (109 Companies)	

Business Segment	Company Name	Voting Rights (%)
Machinery Group	Diamond Star Shipping Pte. Ltd. (Singapore)	100.00
	Isuzu UTE Australia Pty Ltd. (Australia)	100.00
	JSC MC Bank Rus (Russia)	100.00 (100.00)
	MC Factoring Rus LLC (Russia)	100.00 (100.00)
	MC LIFT & SOLUTIONS CO., LTD. (Thailand)	100.00 (5.00)
	MC Machinery Systems, Inc. (U.S.A.)	100.00 (20.00)
	MCE Bank GmbH (Germany)	100.00 (100.00)
	Mitsubishi Corporation Technos (Japan)	100.00
	Mitsubishi Motors Malaysia Sdn. Bhd. (Malaysia)	52.00
	MSK FARM MACHINERY CORPORATION (Japan)	100.00
	Nikken Corporation (Japan)	100.00
	P.T. Dipo Star Finance (Indonesia)	95.00 (95.00)
	The Colt Car Company Ltd. (U.K.)	100.00
	Tri Petch Isuzu Leasing Co., Ltd. (Thailand)	93.50 (50.00)
	Tri Petch Isuzu Sales Company Limited (Thailand)	88.73 (41.66)
	Others (74 Companies)	
Chemicals Group	Chuo Kagaku Co., Ltd. (Japan)	60.59 (4.96)
	Chuo Kasei Co., Ltd. (Japan)	100.00
	KIBIKASEI CO., LTD. (Japan)	100.00
	KOHJIN Holdings Co., Ltd. (Japan)	100.00
	MC Ferticom Co., Ltd. (Japan)	72.83
	Mitsubishi Corporation Life Sciences Limited (Japan)	100.00
	Mitsubishi Corporation Plastics Ltd. (Japan)	100.00
	Mitsubishi Shoji Chemical Corporation (Japan)	100.00
	Others (33 Companies)	

Business Segment	Company Name	Voting Rights (%)
Living Essentials Group	Agrex do Brasil S.A. (Brazil)	81.54 (1.08)
	AGREX, Inc. (U.S.A.)	100.00 (100.00)
	ART COFFEE CO., LTD. (JAPAN)	100.00
	California Oils Corporation (U.S.A.)	100.00
	Cape Flattery Silica Mines Pty., Ltd. (Australia)	100.00
	Cermaq Group AS (Norway)	100.00 (100.00)
	Dai-Nippon Meiji Sugar Co., Ltd. (Japan)	100.00
	Foodlink Corporation (Japan)	99.42
	Indiana Packers Corporation (U.S.A.)	80.00 (10.00)
	JAPAN FARM, LTD. (Japan)	70.00
	KOKUSAI BULK TERMINAL CO., LTD. (Japan)	50.10 (1.17)
	MC Healthcare, Inc. (Japan)	80.00
	Mitsubishi Corporation Fashion Co., Ltd. (Japan)	100.00
	Mitsubishi Shoji Construction Materials Corporation (Japan)	100.00
	Mitsubishi Shoji Packaging Corporation (Japan)	92.15
	Mitsubishi Shokuhin Co., Ltd. (Japan)	62.00 (0.02)
	Nihon Shokuhin Kako Co., Ltd. (Japan)	59.81
	Nippon Care Supply Co., Ltd. (Japan)	74.78
	Nitto Fuji Flour Milling Co., Ltd. (Japan)	64.46
	Nosan Corporation (Japan)	100.00
	Princes Limited (U.K.)	100.00 (10.00)
	Riverina (Australia) Pty., Ltd. (Australia)	100.00
	Southern Cross Seafoods S.A. (Chile)	99.80
	TH FOODS, Inc. (U.S.A.)	53.16 (6.32)
	Toyo Reizo Co., Ltd. (Japan)	81.92
	YONEKYU CORPORATION (Japan)	71.02
	Others (144 Companies)	

Business Segment	Company Name	Voting Rights (%)
Others	MC Finance & Consulting Asia Pte. Ltd. (Singapore)	100.00
	MC Finance Australia Pty Ltd. (Australia)	100.00
	Mitsubishi Corporation Finance PLC (U.K.)	100.00
	Mitsubishi Corporation Financial & Management Services (Japan) Ltd. (Japan)	100.00
	Others (12 Companies)	
Main Regional Subsidiaries	Mitsubishi Corporation International (Europe) Plc. (U.K.)	100.00 (100.00)
	Mitsubishi Australia Ltd. (Australia)	100.00
	Mitsubishi Corp. do Brasil S.A. (Brazil)	100.00 (12.57)
	Mitsubishi Corporation (Americas) (U.S.A.)	100.00
	Mitsubishi Corporation (Hong Kong) Ltd. (Hong Kong)	100.00
	Mitsubishi Corporation (Korea) Ltd. (Korea)	100.00
	Mitsubishi Corporation (Shanghai) Ltd. (China)	100.00 (100.00)
	Mitsubishi Corporation (Taiwan) Ltd. (Taiwan)	100.00
	Mitsubishi International GmbH. (Germany)	100.00 (100.00)
	Thai-MC Company Ltd. (Thailand)	69.00 (45.00)
	Others (35 Companies)	

Note: The percentages in parentheses under "Voting Rights (%)" indicate the indirect ownership out of the total ownership noted above.

June 24, 2016

Responsibility Statement

The following responsibility statement is made solely to comply with the requirements of DTR 4.1.12 of the United Kingdom Financial Conduct Authority's Disclosure Rules and Transparency Rules, in relation to Mitsubishi Corporation as an issuer whose financial instruments are admitted to trading on the London Stock Exchange.

Kazuyuki Masu, Chief Financial Officer, confirms that:

- to the best of his knowledge, the financial statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the assets, liabilities, financial position and profit or loss of Mitsubishi Corporation and the undertakings included in the consolidation taken as a whole; and

- to the best of his knowledge, the management report includes a fair review of the development and performance of the business and the position of Mitsubishi Corporation and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Mitsubishi Corporation

www.mitsubishicorp.com

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Printed in Japan