Mitsubishi Corporation

FINANCIAL SECTION

〈FOR THE YEAR ENDED MARCH 2014〉

FINANCIAL SECTION <FOR THE YEAR ENDED MARCH 2014>

CONTENTS

Forward-Looking Statements

This financial section of Mitsubishi Corporation's Annual Report for the year ended March 2014 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 2014, the U.S. economy continued to experience a modest recovery on the back of healthy consumer spending. In Europe there were continuing signs of a gradual upturn in economic conditions. Emerging nations, while experiencing a slowdown in economic growth, showed signs of bottoming out in some quarters. The Japanese economy remained on a moderate recovery path, with the benefits of government policies underpinning the economy. As price levels held firm, internal demand was also robust, supported partly by last-minute demand ahead of the increase in the consumption tax rate.

Under such circumstances, total revenues for the year ended March 2014 increased ¥1,625.3 billion, or 27%, year over year to ¥7,635.2 billion. This increase was mainly due to higher transaction volumes and foreign currency factors.

Gross profit increased ¥131.1 billion, or 12%, to ¥1,186.0 billion, reflecting mainly the absence of strike action that affected performance at an Australian resource-related subsidiary (coking coal) in the previous fiscal year, foreign currency factors, and the impact of business expansion (new consolidations).

Selling, general and administrative expenses increased ¥67.0 billion, or 8%, year over year to ¥952.9 billion, due mainly to the impact of business expansion (new consolidations).

In impairment losses on property and equipment, gain on marketable securities and investments-net, and finance income, mainly reflecting mark-to-market gains on shares and increased dividend income from overseas resource-related investees, as well as the absence of impairment losses on property and equipment recorded in the previous year. Other income-net, however, declined due primarily to foreign exchange gains and losses.

Net equity in earnings of Affiliated companies increased ¥0.6 billion, or 0%, to ¥168.4 billion.

As a result, profit before tax for the year ended March 2014 increased by ¥89.3 billion, or 20.0%, to ¥532.0 billion.

Accordingly, profit attributable to owners of the Parent for the year ended March 2014 increased ¥37.9 billion, or 12%, to ¥361.4 billion.

2) Condensed Consolidated Financial Statements Prepared Based on Previous Accounting Standards (U.S. GAAP)

From the year ended March 2014, we have prepared our consolidated financial statements based on International Financial Reporting Standards (IFRS).

Pursuant to the provisions of Article 95 of the Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, we have prepared condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, as follows.

For the year ended March 2014, these condensed financial statements have not been audited pursuant to the provisions of the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act.

① Condensed Consolidated Balance Sheets (U.S. GAAP)

	Millions of Yen	
	March 31 2013	March 31 2014
ASSETS		
Current assets	6,826,260	7,123,205
Investments and non-current receivables	4,717,431	5,023,296
Property and equipment	2,487,464	2,715,941
Other assets	379,510	429,257
Total	14,410,665	15,291,699
LIABILITIES AND EQUITY		
Current liabilities	4,728,113	4,701,917
Non-current liabilities	5,126,502	5,385,756
Total liabilities	9,854,615	10,087,673
Mitsubishi Corporation shareholders' equity	4,179,698	4,774,244
Non-controlling interest	376,352	429,782
Total equity	4,556,050	5,204,026
Total liabilities and equity	14,410,665	15,291,699

② Condensed Consolidated Statements of Income

(U.S.GAAP)

	Millions of Yen	
	Year ended March 31, 2013	Year ended March 31, 2014
Revenues	5,968,774	7,589,255
Cost of revenues	(4,939,117)	(6,429,114)
Gross profit	1,029,657	1,160,141
Other income and expenses	(692,451)	(727,908)
Income before income taxes and equity in earnings of Affiliated companies and other	337,206	432,233
Income taxes	(113,486)	(170,435)
Income before equity in earnings of Affiliated companies and other	223,720	261,798
Equity in earnings of Affiliated companies and other	164,274	208,507
Net income	387,994	470,305
Less net income attributable to the non-controlling interest	(27,966)	(25,512)
Net income attributable to Mitsubishi Corporation	360,028	444,793

③ Condensed Consolidated Statements of Comprehensive Income (U.S. GAAP)

	Millions of Yen	
	Year ended March 31, 2013	Year ended March 31, 2014
Net income	387,994	470,305
Total other comprehensive income, net of tax	421,375	254,305
Comprehensive income	809,369	724,610
Comprehensive income attributable to the non-controlling interest	(43,990)	(36,671)
Comprehensive income attributable to Mitsubishi Corporation	765,379	687,939

④ Condensed Statements of Equity (U.S. GAAP)

Millions of Yen

	Year ended March 31, 2013	Year ended March 31, 2014
Common stock		
Balance, beginning of year	204,447	204,447
Changes during the year	-	-
Balance, end of year	204,447	204,447
Additional paid-in capital		
Balance, beginning of year	262,039	262,705
Changes during the year	666	3,267
Balance, end of year	262,705	265,972
Retained earnings appropriated for legal reserve		
Balance, beginning of year	3,344,721	3,607,989
Changes during the year	263,268	344,244
Balance, end of year	3,607,989	3,952,233
Accumulated other comprehensive income (loss), net of tax		
Balance, beginning of year	(282,824)	122,527
Changes during the year	405,351	243,146
Balance, end of year	122,527	365,673
Treasury stock		
Balance, beginning of year	(20,565)	(17,970)
Changes during the year	2,595	3,889
Balance, end of year	(17,970)	(14,081)
Non-controlling interest		
Balance, beginning of year	318,959	376,352
Changes during the year	57,393	53,430
Balance, end of year	376,352	429,782

⑤ Condensed Consolidated Statements of Cash Flows (U.S. GAAP)

	Millions of Yen	
	Year ended March 31, 2013	Year ended March 31, 2014
Net cash provided by operating activities	403,313	258,142
Net cash used in investing activities	(752,477)	(182,689)
Net cash provided by (used in) financing activities	401,687	(122,131)
Effect of exchange rate changes on cash and cash equivalents	40,281	23,887
Net increase (decrease) in cash and cash equivalents	92,804	(22,791)
Cash and cash equivalents, beginning of year	1,252,951	1,345,755
Cash and cash equivalents, end of year	1,345,755	1,322,964

(Significant Changes in the Basis of Consolidated Financial Statements)

Year ended March 31, 2013	Year ended March 31, 2014
Effective April 1, 2012, we have adopted Accounting Standards Update (“ASU”) No.2011-08, “Testing Goodwill for impairment.” ASU No.2011-08 provides entities with the option of performing a qualitative assessment before performing the quantitative goodwill impairment test. Only if an entity determines in the qualitative assessment that it is more likely than not that the fair value of the reporting unit is less than the carrying amount including goodwill, an entity is required to perform the two-step quantitative goodwill impairment test. ASU No.2011-08 does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill at least annually for impairment. The adoption of ASU No.2011-08 did not have impact on our consolidated financial position and results of operations in the fiscal year ended March 31, 2013.	Effective April 1, 2013, we have adopted Accounting Standards Update (“ASU”) No.2011-10, “Property, Plant and Equipment-Derecognition of in-substance Real Estate a Scope Clarification.” Under ASU No.2011-10, the reporting entity should apply the guidance in ASC Subtopic 360-20 “Property, Plant, and Equipment – Real Estate Sales” to determine whether it should derecognize the in-substance real estate when the reporting entity ceases to have a controlling financial interest in a subsidiary that is in-substance real estate as a result of default on the subsidiary’s nonrecourse debt. ASU No.2011-10 does not revise ASC Subtopic 360-20 itself but clarifies the scope it covers. The adoption of ASU No.2011-10 had no impact on our financial position and results of operations. Effective April 1, 2013, we adopted ASU No.2012-02 “Testing Indefinite-Lived Intangible Assets for Impairment.” ASU No. 2012-02 provides entities with the option of performing a qualitative assessment before performing the quantitative indefinite-lived intangible assets impairment test. Only if an entity determines in the qualitative assessment that it is more likely than not that the fair value of the indefinite-lived intangible assets is less than the carrying amount, an entity is required to perform the quantitative indefinite-lived intangible assets impairment test. ASU No.2012-02 does not change how indefinite-lived intangible assets are calculated, nor does it revise the requirement to test indefinite-lived intangible assets at least annually for impairment. Since we have not elected the option of performing a qualitative assessment under ASU No. 2012-02, there is no impact on our financial position and results of operations. Effective July 17, 2013, we have adopted ASU No.2013-10 “Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes.” ASU No. 2013-10 permits the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) to be used as a qualified U.S. benchmark interest rate for hedged items for hedge accounting purposes. In the case of U.S. dollar interest rates, only the interest rates on direct Treasury obligations of the U.S. government and the London Interbank Offered Rate (LIBOR) swap rate were

	previously considered to be qualified benchmark interest rates for hedge items for hedge accounting purposes. Under ASU No.2013-10, the Fed Funds Effective Swap Rate has been effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. This had no material impact on our financial position or results of operations.

Year Ended March 2014 vs. Year Ended March 2013

1) Total Revenues

Total revenues were ¥7,635.2 billion, up ¥1,625.3 billion, or 27%, from the year ended March 2013. There was a ¥1,624.7 billion, or 32%, year-over-year increase in revenues from trading to ¥6,634.1 billion. Revenues from services and other activities was ¥1,001.1 billion mostly unchanged from the previous fiscal year.

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

- The Living Essentials Group revenues increased ¥825.3 billion, or 54%, to ¥2,353.6 billion, due mainly to increase of transaction at a U.S. grain collection and sales subsidiary and higher revenues at other food-related businesses.
- The Energy Business Group revenues increased by ¥332.9 billion, or 21%, to ¥1,886.0 billion, due mainly to higher transaction volumes of petroleum products at sales subsidiaries.
- The Chemicals Group revenues increased ¥329.2 billion from the year ended March 2013, or 29%, to ¥1,465.3 billion. This increase was due mainly to higher revenues from commodity chemical-related transactions and the impact of the inclusion of a subsidiary in the consolidated accounts in the year ended March 2014.

2) Gross Profit

Gross profit increased by ¥131.1 billion, or 12%, to ¥1,186.0 billion. This increase mainly reflected the absence of strike action that affected performance at an Australian resource-related subsidiary (coking coal) in the previous fiscal year, foreign currency factors, and the impact of business expansion (new consolidations).

3) Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by ¥67.0 billion, or 8%, to ¥952.9 billion, mainly due to the impact of business expansion (new consolidations).

4) Gain on Marketable Securities and Investments—Net

In the year ended March 2014, we recorded a net gain on marketable securities and investments of ¥46.3 billion, an increase of ¥34.0 billion, or 276%, year over year, mainly reflecting mark-to-market gains on shareholdings.

5) Gain on Disposal and Sale of Property and Equipment—Net

In the year ended March 2014, we recorded a net gain on disposal and sale of property and equipment of ¥6.0 billion, a decrease of ¥1.1 billion, or 15%, year over year.

6) Impairment Loss on Property and Equipment

In the year ended March 2014, we recorded an impairment loss on property and equipment of ¥20.5 billion, a decrease of ¥51.5 billion, or 72%, from the previous fiscal year. This mainly reflected the absence of an impairment loss on property and equipment at a general merchandise-related operating company recorded in the year ended March 2013.

7) Other Income (Expenses)-Net

We recorded net other expenses of ¥66.8 billion, a decrease of ¥99.1 billion year on year, due primarily to an increase in foreign exchange-related losses.

8) Finance Income
Finance income rose ¥44.2 billion, or 29%, year over year to ¥197.2 billion, mainly due to an increase in dividend income from overseas resource-related investees.

9) Finance costs
Finance costs increased ¥4.8 billion, or 18%, to ¥31.7 billion, mainly due to higher interest expenses.

10) Equity in Earnings of Affiliated Companies and Other
Equity in earnings of Affiliated companies and other was ¥168.4 billion, mostly unchanged from the previous fiscal year.

11) Profit Before Tax
Profit before tax was ¥532.0 billion, up ¥89.3 billion, or 20%, year over year, for the above reasons.

12) Income taxes
Income taxes increased by ¥46.5 billion, or 47%, to ¥145.6 billion. This was because of the increase in profit before tax.

13) Net Income Attributable to the Non-controlling Interest
Net income attributable to the non-controlling interest was ¥25.0 billion, up ¥4.8 billion, or 24%, year over year.

14) Profit Attributable to Owners of the Parent
Profit attributable to owners of the Parent rose by ¥37.9 billion, or 12%, to ¥361.4 billion for the above reasons.

2. Year Ended March 2014 Segment Information

Operating Segments
(Consolidated net income, as used hereinafter, refers to “Net income 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 2014, segment revenues increased by ¥9.1 billion, or 44%, to ¥29.7 billion.

Gross profit increased by ¥8.5 billion, or 43%, to ¥28.1 billion. This increase was due primarily to higher earnings on transactions in the power generation and plant and engineering businesses.

Equity in earnings of Affiliated companies increased by ¥0.8 billion, or 5%, to ¥18.4 billion. The higher earnings mainly reflect a one-off gain associated with price revisions in offshore transmission operations.

The segment recorded consolidated net income of ¥16.5 billion, a decrease of ¥1.9 billion, or 10%, year over year. In addition to the reasons above, this result reflected factors such as the absence of the impact of gains on the sale of assets in the American power generation business recorded in the year ended March 2013.

2) Industrial Finance, Logistics & Development Group

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

In the year ended March 2014, segment revenues decreased by ¥17.5 billion, or 9%, to ¥172.3 billion.

Gross profit increased by ¥1.9 billion, or 3%, to ¥67.2 billion. The higher gross profit mainly reflected an increase in revenues from aircraft leasing-related businesses, which outweighed a decrease in revenues from real estate-related businesses.

Equity in earnings of Affiliated companies and other increased by ¥0.5 billion, or 3%, to ¥16.2 billion, reflecting mainly higher earnings in leasing-related businesses and overseas real estate businesses, which exceeded lower earnings in fund investment-related businesses.

The segment recorded consolidated net income of ¥29.7 billion, an increase of ¥1.8 billion, or 6%, for the above reasons.

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, LNG (Liquefied Natural Gas), and LPG (Liquefied Petroleum Gas); and planning and development of new energy business.

In the year ended March 2014, segment revenues increased by ¥332.9 billion, or 21%, to ¥1,886.0 billion.

Gross profit, however, declined by ¥3.0 billion, or 5%, to ¥62.2 billion, mainly due to lower revenues from petroleum-related businesses.

Equity in earnings of Affiliated companies and other declined ¥6.9 billion, or 10%, to ¥65.7 billion. This was mainly due to the recording of impairment losses in the oil and gas E&P business, and higher depreciation expenses at a shale gas business-related company.

However, the segment recorded consolidated net income attributable to Mitsubishi Corporation of ¥118.6 billion, a decrease of ¥8.7 billion, or 7%, year over year. This mainly reflected higher exploration costs and the abovementioned recording of impairment losses in the oil and gas E&P business, despite an increase in dividend income from overseas resource-related business investees.

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 fiscal year ended March 2014, the segment recorded a ¥181.7 billion, or 26%, year-over-year increase in revenues to ¥873.2 billion.

Furthermore, gross profit increased by ¥101.2 billion, or 72%, to ¥241.9 billion. The increased earnings reflected higher production volume and lower costs due to improved productivity and the absence of strike action at an

Australian resource-related subsidiary (coking coal) that had affected performance in the previous fiscal year, despite lower sales prices.

Equity in earnings of Affiliated companies and other declined by ¥21.7 billion, or 95%, to ¥1.2 billion, due mainly to a decrease in equity-method earnings reflecting impairment losses at resource-related investees.

As a result of the above, the segment recorded consolidated net income attributable to Mitsubishi Corporation of ¥8.0 billion, a decrease of ¥20.3 billion, or 72%. Despite the abovementioned increase in gross profit, the decrease mainly reflects declines in equity-method earnings and dividend income from resource-related investees.

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, elevating machinery, ships, aerospace-related equipment and motor vehicles.

In the year ended March 2014, the segment revenues decreased by ¥23.8 billion, or 3%, to ¥829.0 billion.

As a result, gross profit increased by ¥1.0 billion, or 1%, to ¥186.7 billion. Earnings rose mainly due to strong performances in Asian automobile-related operations and the yen's depreciation, as well as a strong showing by a subsidiary engaged in the construction machinery rental business.

Equity in earnings of Affiliated companies and other increased by ¥17.4 billion, or 138%, to ¥30.0 billion. This reflected strong performances in Asian automobile-related operations and the yen's depreciation.

The segment recorded consolidated net income attributable to Mitsubishi Corporation of ¥98.8 billion, an increase of ¥37.3 billion, or 61%, year over year. In addition to the reasons above, this result reflected factors such as an absence of impairment losses recorded on company-owned vessels in the year ended March 2013, and a one-off gain associated with the sale and valuation of certain asset holdings in the year ended March 2014.

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 2014, segment revenues increased by ¥329.2 billion, or 29%, to ¥1,465.3 billion.

As a result, gross profit increased by ¥10.4 billion, or 11%, to ¥102.6 billion, mainly reflecting new consolidations of food science subsidiaries and higher earnings on transactions at overseas subsidiaries.

Equity in earnings of Affiliated companies and other increased by ¥3.5 billion, or 25%, to ¥17.3 billion. This increase was mainly due to higher earnings on transactions at a petrochemical business-related company.

The segment recorded consolidated net income attributable to Mitsubishi Corporation of ¥21.7 billion, down ¥3.9 billion, or 15%, year over year. Despite the abovementioned increases in gross profit and equity-method earnings, the decrease was mainly due to impairment losses on property and equipment at film and chemicals business-related companies.

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 2014, the segment recorded an ¥825.3 billion, or 54%, increase in revenues to ¥2,353.6 billion.

Gross profit increased by ¥15.7 billion, or 3%, to ¥480.9 billion. The higher gross profit was mainly due to food-related business companies becoming subsidiaries.

Equity in earnings of Affiliated companies and other was ¥22.6 billion, almost the same as the previous fiscal year.

The segment recorded consolidated net income attributable to Mitsubishi Corporation of ¥59.2 billion, an increase of ¥20.2 billion, or 52%, year over year. In addition to the above, the increase was mainly due to the absence of impairment losses on property and equipment recorded at a general merchandise-related business company in the year ended March 31, 2013.

Geographic Information

1) Japan

In the year ended March 2014, revenues were ¥5,431.6 billion, up ¥944.6 billion, or 21%. This increase was mainly due to higher sales within the essentials related business and chemical product related business.

2) U.S.A.

In the year ended March 2014, revenues were ¥622.7 billion, up ¥456.5 billion, or 275%. This increase was mainly due to increased transactions in living essentials related business.

3) Other

In the year ended March 2014, revenues increased by ¥224.2 billion, or 17%, to ¥1,580.9 billion.

3. Year Ended March 2014 Operating Environment and Year Ending March 2015 Outlook

1) Global Environmental & Infrastructure Business Group

In the year ended March 2014, signs of a gradual global economic recovery began to emerge. Notably, the economic and financial instability in Europe and the U.S. settled down, and corporate earnings started to improve in Japan owing to the weakening yen and rising stock prices. In this environment, the Global Environmental & Infrastructure Business Group saw earnings lifted by strong performances in the power, water, plant & engineering and other businesses, as well as the offshore transmission business, despite the absence of gains on the sale of assets in the American power generation business recorded in the year ended March 2013.

In the year ending March 2015, 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. Under these conditions, we believe that we will continue to see steady growth in the prevailing business environment.

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

In the power business, overseas demand for power should continue to grow in the Americas and Asia, as well as in Europe, Africa and the Middle East. In Japan, plans for developing alternative sources of power are being advanced amid delays in restarting the operation of nuclear power plants. In this environment, we anticipate that new business opportunities for power generation projects and negotiations on power generation facilities will emerge in the year ending March 2015, as in the previous fiscal year. In addition, demand for offshore wind projects continues to increase in Europe, in line with an EU agreement on seeking to generate 20% of the region's total power demand from renewable resources. Opportunities in the offshore transmission business are also expected to grow steadily in tandem with these developments.

In the water business, the water business markets continue to show firm growth in Japan and overseas. In Japan, there are increasing moves to get the private sector involved in the water business, with the government embracing the promotion of public-private partnership (PPP) businesses as an important policy measure. Overseas, demand is increasing for seawater desalination plants to address water shortages primarily in the Middle East. In growth markets centered on Asia, infrastructure investment, including the water business, is anticipated to grow significantly. For these reasons, we expect the business environment to remain strong going forward.

In the transportation and infrastructure business, we faced a challenging business environment in the year ended March 2014 due to delays in the materialization of an anticipated project and lackluster new orders for railway projects due to the yen's appreciation in previous years and tough competition with Korean companies. This was despite our entry into the container terminal operation business, an order received for the construction of a new airport, and a substantial increase in orders for railway equipment in China.

Nevertheless, we believe that demand in the transportation and infrastructure field will remain buoyant in the year ending March 2015, against the backdrop 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 infrastructure 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, we made steady strides in the oil and gas-related facilities sector in the year ended March 2014, particularly in development and production facilities for the oil and gas fields of oil companies, and investments in LNG and oil refinery projects.

In the year ending March 2015, we anticipate demand for new plant projects, such as LNG projects using shale gas as feedstock in the North American region. There also remain a large number of planned projects in the pipeline in other resource-rich countries. Furthermore, the market for large compressors, the core product we handle, is showing strong momentum. Accordingly, we believe that the business environment will enable us to steadily capture market growth through not only plant projects but also the supply of equipment.

2) Industrial Finance, Logistics & Development Group

In the year ended March 2014, corporate earnings recovered in Japan owing to the yen's depreciation and rising stock prices triggered by the government's Abenomics policies. In addition, market conditions in terms of stock and real estate prices trended favorably in Japan and other developed countries mainly due to the U.S. economic recovery and less fiscal uncertainty in Europe.

In this market environment, the Industrial Finance, Logistics & Development Group saw continued strong performances in the real estate-related business and leasing business, as in the previous fiscal year, and made steady progress on various fronts, including reaping returns from infrastructure and private equity related investment businesses. As a result, the Group posted consolidated net income of ¥29.7 billion in the year ended March 2014, up ¥1.8 billion year over year.

In the year ending March 2015, we believe that market conditions surrounding the Group will remain stable on the whole, despite some uncertain factors, such as economic trends in China, political conditions in Europe and a tightening of U.S. monetary policy.

We will continue to push ahead with the asset management business, which is a core theme of the Group's growth strategy, as we work to attract third-party funds on an even larger scale, mainly from institutional investors. In other fields, we will also develop business with the aim of capturing growth in an expansive range of overseas markets.

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

In the year ended March 2014, the real estate-related business field saw strong real estate market conditions in Japan, helped partly by the Bank of Japan's massive monetary easing policy. In Japan, investors' appetite for acquiring real estate drove real estate prices ever higher. Notably, the amount of real estate acquired by REITs roughly doubled from the year ended March 2013, increasing by over ¥2 trillion, with official land prices in Japan's three major metropolitan areas increasing for the first time in 6 years.

In the year ending March 2015, we expect to continue to see investor demand for real estate trading, listed REITs and private real estate funds in Japan.

In North America, we saw higher trading volume and rising real estate prices in the year ended March 2014, in step with the economic recovery fueled by the shale gas revolution. In the year ending March 2015, we expect market conditions to hold firm.

In the China real estate market in the year ended March 2014, an increasingly cautious outlook took hold on the whole, shaped by predictions of the tightening of monetary policy, the introduction of a real estate tax and so forth. As a result, housing market prices were soft, with real estate prices in major cities increasing only moderately. From the year ending March 2015, we should continue to see demand for housing from middle income earners, and ongoing robust market conditions.

In the leasing business field, in the year ended March 2014, leasing demand in Japan increased year over year owing to monetary easing, greater public investment spending, and an improving export environment due to a correction in the yen's appreciation. Overseas, leasing demand was robust in the year ended March 2014, supported partly by leasing demand centered on capital investment and aircraft in certain emerging countries.

For the year ending March 2015, we expect to see these trends continue in the leasing markets in Japan and overseas. We anticipate continuing growth in the aircraft leasing field in particular on 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 response to surging fuel prices.

3) Energy Business Group

The Brent spot crude oil price in the year ended March 2014 began the first half of the year with a sharp decline due to the flare up of a fiscal crisis in Southern Europe. Thereafter, the Brent spot price showed little change through to the end of June. In response to a coup d'état in Egypt in July, and strong economic indicators in the U.S., the Brent spot price increased sharply. Furthermore, emerging concerns about possible military intervention in Syria by the

U.S. and European countries and the continuation of the FRB's monetary easing policy caused the Brent spot price to temporarily increase to over $110/BBL.

Subsequently, however, the crude oil price gradually declined as crude oil production in Libya recovered and Iran's position on resolving issues through dialogue became clear. In the second half of the fiscal year, the Brent spot price remained mostly flat, trending in a broad range from around $103/BBL to $113/BBL.

In addition, the crude oil price was affected by a complicated mix of both positive and negative variables. Whereas geopolitical risks such as the drastic decline in production output in Libya due to strike action and internal turmoil pushed up the crude oil price, an agreement on temporarily suspending nuclear development in Iran between that country and the P5+1 countries exerted a downward pressure on the crude oil price.

Crude oil prices for the year ending March 2015 should see some unstable movements, as in the previous fiscal year.

The simultaneous economic recovery of developed countries such as Japan, the U.S. and Europe and supply vulnerabilities reflecting chronic geopolitical risks in the Middle East and North Africa (MENA) region are expected to act as positive factors that push up crude oil prices. In contrast, the ongoing increase in shale oil production in the U.S. and global economic trends such as the tapering of monetary easing by the U.S. FRB and an unclear outlook for the Chinese economy are expected to act as negative factors that reduce crude oil prices. Consequently, both upward and downward crude oil price movements are expected.

The crude oil price range could widen due to increasing uncertainty. Although it is unlikely for prices to continue moving in a single direction over the medium term, the aforementioned mix of positive and negative factors are highly likely to have a simultaneous impact on the crude oil price. Accordingly, we must continue to watch crude oil price trends closely.

Our consolidated net income projection for the year ending March 2015 for this business group assumes a crude oil price of US$100/BBL (Dubai spot price). The Energy Business 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 ¥1.0 billion effect on consolidated net income in this business group, mainly through a change in equity-method earnings.

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 2013 calendar year reached approximately 1.6 billion tons, setting a new record. However, steel market prices and the price of raw materials for steel were sluggish, reflecting excessive production capacity in China, which accounts for almost half of global steel output.

Furthermore, non-ferrous metals prices remained capped within a certain range throughout the year. The average annual price of copper cathode declined from US$7,854 per ton in the year ended March 2013 to US$7,104 per ton in the year ended March 2014, due partly to a temporary drop in prices reflecting the shadow banking issue in China.

In this environment, Australian resource related subsidiary Mitsubishi Development Pty Ltd (MDP) posted higher earnings, reflecting mainly the absence of strike action that affected performance in the previous fiscal year, and higher production volume and lower costs due to improved productivity, although sales prices were lower. However, the Metals Group saw consolidated net income decline year over year, due partly to decreases in dividend income and equity-method earnings from overseas 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 2015, we project an increase in consolidated net income in the Metals Group year over year, premised mainly on higher earnings at MDP, along with the absence of positive and negative impacts of one-off factors recorded in the year ended March 2014.

5) Machinery Group

Group posted higher earnings year over year, mainly due to increased earnings from Asian automobile-related operations in line with the yen's depreciation and an improved performance in the shipping-related business.

In the year ending March 2015, earnings are expected to be lower year over year, mainly due to lower earnings in Asian automobile-related operations reflecting slowing automobile demand in Thailand, as well as the absence of one-off factors recorded in the year ended March 2014.

In the industrial machinery business, the construction machinery rental business in Japan is expecting another year of strong performance in the year ending March 2015, as in the year ended March 2014, against the backdrop of robust construction investment centered on public works projects.

In the elevator business, we laid down a framework that is expected to generate stable revenues through maintenance services in ASEAN countries. Looking ahead, we will continue to bolster our revenue base further.

In the machine tools business, we are expecting steady growth in the Japanese and North American markets.

In the shipping-related business, our business results were stronger than forecast in the year ended March 2014, supported by strong demand for energy, in addition to a recovery in the shipping market, due to an improving supply and demand balance for vessels and a boost from a weaker yen.

In the year ending March 2015, we expect solid business results based on our outlook for continuing improvement in the business environment.

Eyeing growth over the medium and long terms, we will continue working to strengthen our business portfolio by enhancing our stable revenue base. Among other measures, we will push ahead with the LNG carrier ownership and operation business in response to demand for shipping shale gas-derived LNG, in addition to honing the competitiveness of our fleet by replacing owned vessels.

In business related to Mitsubishi Motors Corporation(MMC), the business environment improved overall in the year ended March 2014, due mainly to improving exchange rates and economies in developed countries. In the year ending March 2015, we will continue working to further strengthen the operating base in the key markets of Indonesia, Russia, and China, while focusing on expanding sales in other emerging markets, in line with the basic policy of MMC, which has formulated a new medium-term management plan.

In business related to Isuzu Motors Limited brand automobiles, automobile demand in the mainstay Thailand market in the 2013 calendar year decreased 7.5% from the 2012 calendar year to 1.33 million units, reflecting the end of a program offering tax breaks for first-time vehicle drivers. However, we delivered robust results in the fiscal year ended March 2014 as we benefited from the yen's depreciation.

For the year ending March 2015, automobile demand in Thailand is expected to decline due to slowing business conditions. If the impact of political turmoil and other such conditions persist over the long term, automobile demand could decrease further.

Aiming for growth over the medium and long terms, we plan to step up activities in countries other than Thailand, such as India.

6) Chemicals Group

The chemicals product market in the year ended March 2014 was lackluster overall, despite an ongoing recovery in the U.S. economy. The sluggish market conditions were due mainly to slowing growth in emerging economies and the impact of overcapacity in China resulting from large-scale facility expansion.

While the prices of raw materials like crude oil and naphtha remained high, actual demand lacked strength on the whole. This was despite a rise in prices of certain petrochemical products mainly due to supply-side factors such as sluggish production. In China, actual demand failed to pick up following the Chinese New Year holidays, with prices remaining capped in a certain range.

Regarding the outlook for the business environment, market conditions around the world are expected to experience unstable movements as the slowdown in various countries' economic growth continues in the near term. This outlook is based partly on overcapacity in China and concerns about excessive debt in regional areas of the country, despite expectations of expanding demand primarily in Asian markets. In addition, 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 business opportunities 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 environmental issues, an ever-increasing middle class in emerging markets, and low birth rates and aging populations in developed countries. As a result, demand in the life science field is expanding firmly.

We will respond to the needs of this new era by developing food science, and pharmaceutical and agrochemical businesses globally in order to capture market growth in Japan and abroad.

Moreover, we will expand trading activities and related business investments worldwide. At the same time as strengthening core businesses, namely Saudi Arabian petrochemical operations, Venezuelan methanol business and aromatics in Malaysia, 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 first half of the year ended March 2014 started to see signs of returning to a recovery path, breaking free of a protracted period of sluggish consumer spending that had continued since the collapse of Japan's bubble economy. This was underpinned by rising stock prices and demand from the earthquake recovery effort, capital investment by companies, and a recovery in business conditions owing mainly to improving demand in overseas markets.

On the other hand, we expect the size of the Japanese market to continue contracting in step with an ongoing decline in the population and aging of society. In addition to the impacts of rising price levels and the April 2014 consumption tax rate increase on consumer sentiment, we expect uncertain conditions to persist in the year ending March 2015.

In overseas markets, we expect rising income levels to drive consumer market expansion, despite slightly slower economic growth in emerging markets centered on Asia.

In this sort of operating environment, in Japan, we will work to improve our efficiency and strengthen our capabilities to make our operations more competitive, while searching for business opportunities to capture demand overseas.

In the food raw materials and primary processing fields, we faced a challenging business environment due to higher costs in Japan associated with the yen's depreciation, although international prices for main grains remained mostly soft.

Meanwhile, overseas demand for meat and marine products continues to grow steadily in emerging markets. Consequently, it has become increasingly important to upgrade and expand our global raw material procurement network encompassing livestock, aquaculture and other businesses. The U.S. cement business is benefiting from recovering demand driven by higher public works spending and other factors.

In the textile product manufacturing and intermediary distribution fields, we expect a harsh earnings environment to persist in Japan, amid few expectations for consumption to expand in the country. The environment will be pressured by the entry of major overseas apparel chains into the Japanese market, and rising costs due to much higher personnel expenses in overseas apparel producer countries such as China and the impact of the yen's depreciation.

Meanwhile, overseas emerging markets are expected to continue expanding, supported by an extremely strong appetite for consumption. In response, we will work to lower costs further mainly by stepping up the relocation of production sites to Southeast Asia, as we strive to achieve business growth.

In the paper and packaging domains, the business environment has come under pressure due to the impacts of surging raw material prices and higher costs reflecting the yen's depreciation.

In the tire field, business opportunities related to tire manufacturing and sales in emerging markets are expanding on the back of an ongoing increase in demand overseas.

In the healthcare field, the market is expected to expand in Japan and overseas. There are increasing social demands for medical institutions to operate more efficiently and cut costs from the perspective of curbing medical expenses.

To meet the diverse needs of medical institutions, we will continue to provide many different products and services. At the same time, we will explore new business opportunities.

In the retail field, consumer communications are becoming increasingly diverse due mainly to the popularization of smartphones.

As the barriers between the Internet and real stores come down, it is becoming increasingly crucial to provide the necessary goods and services when they are needed in many different situations in daily life. We will work to develop products and expand businesses in response to changes in consumer lifestyle patterns and needs, with the aim of helping to achieve even more fulfilling consumer lifestyles.

4. Significant Contracts

There were no significant contracts in the year ended March 2014.

5. R&D Activities

There were no material R&D activities in the year ended March 2014.

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 2014, there was some instability in the markets mainly due to turmoil in emerging markets caused by a shift in U.S. monetary policy, while developed countries continued to experience a gradual economic recovery. We continued to diversify our fund procurement channels while ensuring our financial soundness. This included continuing to issue U.S. dollar-denominated straight bonds, and issuing new Australian dollar-denominated straight bonds through finance subsidiaries.

As a result of these funding activities, as of March 31, 2014, gross interest-bearing liabilities stood at ¥6,075.8 billion, ¥186.2 billion higher than March 31, 2013. Of these gross interest-bearing liabilities, 86% represented long-term financing. Gross interest-bearing liabilities at the Parent were ¥3,934.6 billion, of which 99.6% represented long-term financing, and the average remaining period was approximately 5 years.

For the year ending March 2015, we plan to continue procuring funds mainly through long-term financing. Furthermore, in order to prepare for future demand for funds, we will seek to diversify funding sources and at the same time look to continue raising 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 enhance our liquidity further.

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, 2014, 80% 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, especially in light of our stated management policy of continuously improving consolidated management.

The parent, Mitsubishi International Corporation (U.S.A.) and Mitsubishi Corporation Finance PLC (U.K.) had ¥278.1 billion in short-term debt as of March 31, 2014, 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 ¥1,814.5 billion, we believe we have a sufficient level of liquidity to meet current obligations. The excess coverage amount was ¥1,536.4 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 June 12, 2014, our ratings (long-term/short-term) are AA-/a-1+ (outlook stable) by R&I, A1/P-1 (outlook negative) by Moody's, and A+/A-1 (outlook stable) by S&P.

2) Total Assets, Liabilities and Total Equity

Total assets at March 31, 2014 were ¥15,901.1 billion, up ¥836.4 billion, or 6%, from March 31, 2013.

Current assets increased by ¥362.6 billion, or 5%, to ¥7,270.0 billion. The main reasons were an increase in accounts receivable-trade due to higher transaction volumes, and an increase in other receivables.

Non-current assets increased by ¥473.8 billion, or 6%, to ¥8,631.1 billion from March 31, 2013. The main reasons were an increase in investments accounted for by the equity method in line with the execution of new investments and the yen's depreciation, and an increase in property and equipment, mainly reflecting capital investments by subsidiaries.

Total liabilities at March 31, 2014 were ¥10,361.8 billion, up ¥228.8 billion, or 2%, due to increases in both current liabilities and non-current liabilities.

Current liabilities were largely unchanged at ¥4,852.6 billion.

Non-current liabilities increased by ¥207.0 billion, or 4%, to ¥5,509.2 billion.

This mainly reflected an increase in corporate bonds and debt as a result of procuring long-term funds for making new investments.

Total equity increased by ¥607.6 billion, or 12%, from March 31, 2013 to ¥5,539.4 billion at March 31, 2014.

Total Mitsubishi Corporation shareholders' equity increased by ¥550.6 billion, or 12%, to ¥5,067.7 billion, due mainly to net income and an improvement in exchange differences on translating foreign operations from the yen's depreciation.

Non-controlling interest increased by ¥57.0 billion, or 14%, to ¥471.7 billion.

Net interest-bearing liabilities, gross interest-bearing liabilities minus cash and cash equivalents, at March 31, 2014 were ¥4,601.1 billion, up ¥181.0 billion, or 4%, year over year.

As a result, the net debt-to-equity ratio, which is net interest-bearing liabilities divided by total Mitsubishi Corporation shareholders' equity, was 0.9, which was 0.1 of a point lower than at March 31, 2013.

3) Cash Flows

Cash and cash equivalents at March 31, 2014 were ¥1,332.0 billion, down ¥13.9 billion from March 31, 2013.

(Operating activities)

Net cash provided by operating activities was ¥381.6 billion. Operating cash flows provided net cash mainly due to cash flows from operating transactions at subsidiaries and dividend income from investees, mainly resource-related businesses, despite an increase in cash requirements due to changes in assets and liabilities associated with operating activities.

Net cash provided by operating activities decreased ¥71.8 billion year over year mainly due to an increase in cash requirements reflecting changes in assets and liabilities associated with operating activities.

(Investing activities)

Net cash used in investing activities was ¥300.5 billion. Investing activities used net cash mainly due to capital expenditures by metals resource-related subsidiaries, and investments in energy resource businesses and offshore transmission operations, despite cash provided by the sale of shares and real estate.

Net cash used in investing activities decreased by ¥490.5 billion year over year, mainly due to the sale of shares and aircraft, as well as the absence of capital investments in energy resource-related companies executed in the year ended March 2013.

As a result, free cash flow, the sum of operating and investing cash flows, was positive ¥81.1 billion

(Financing activities)

Net cash used in financing activities was ¥118.8 billion. The overall result mainly reflected the payment of dividends at the Parent.

Net cash used in financing activities ¥507.2 billion from net cash provided in the year ended March 2013, due mainly to the absence of funds procured for new investments in the year ended March 2013.

7. Strategic Issues

1) "New Strategic Direction"

In May 2013, Mitsubishi Corporation developed its new management strategy, entitled New Strategic Direction (charting a new path toward sustainable growth). It went into effect in the year ended March 2014. Amidst major changes in Mitsubishi Corporation's business models and the external environment, we have abolished our traditional "midterm management plan" concept of committing to fixed financial targets three years in the future, in favor of a long-term, circa 2020 growth vision. To realize this vision we have set down our "New Strategic Direction," which consists of basic concepts on management policy together with our business and market strategies.

New Strategic Direction seeks to recognize our value and upside potential as a *sogo shosha* capable of "providing stable earnings throughout business cycles by managing a portfolio diversified by business model, industry, market and geography." As we continuously optimize our portfolio, we will strive to realize our growth vision and enhance the Mitsubishi Corporation's overall corporate value.

■ Mitsubishi Corporation circa 2020: Double Business

Mitsubishi Corporation's ability to maintain stable earnings is based on its improved concept of portfolio management. Acknowledging both this strength and our company's upside potential, we have set down our circa 2020 growth vision as follows:

Resource (LNG, coking coal, copper): Double Equity Production (compared to the year ended March 2013)

Non-Resource: Double Earnings Level (compared to the year ended March 2013)

■ Mitsubishi Corporation circa 2020 Portfolio Vision: Optimal Diversification & Winning Businesses

To intensively allocate management resources to current and future "winning businesses" while ensuring optimal diversification, we envision reducing the number of business sub-segments from the current total of 47 to between 35 and 40.

To strengthen these "winning businesses," we also envision reshaping the portfolio to consist of at least 10 business sub-segments earning more than ¥20 billion in net income, and between 10 and 15 business sub-segments earning between ¥10 and ¥20 billion in net income.

■ Management Policies

Our basic management policy is to create sustainable corporate value through business activities and strengthen "winning businesses" through the proactive reshaping of the portfolio in order to win competition on a global scale.

Our investment policy is to accelerate divestments selectively and free up capital for new investments, while continuing to invest at a rate in line with the average of the 3 years under Midterm Corporate Strategy 2012, in order to improve our earnings base.

Our financial policy is to increase our focus on financial discipline including funding our investments within our own cash flow assuming a base earnings level of ¥350.0 billion per annum. Furthermore, we will strive to deliver a return on equity of 12-15% in the medium to long term.

With regard to dividend policy, we will introduce a two-staged dividend policy with a base dividend and a performance based variable dividend in order to provide a stable return to shareholders, regardless of changes in the external environment.

■ Market Strategy and Business Strategy

In terms of our market strategy, we will accelerate our global business development by leveraging our shift towards Asian markets, which are gaining greater international presence not only as resource and industrial markets, but as consumer markets as well. Our objective will be to ensure sustainable growth by capturing growth in Asia. This will entail securing global supply sources to meet the increasing demand for raw materials and other commodities in Asia, and establishing a local presence within the region, through M&As, strategic alliances, and other proactive initiatives.

In terms of our business strategy, our resources business will be transitioning to the project development stage toward full operation, which will primarily entail upgrading and expanding our existing asset base (coking coal, copper, LNG and other core assets). At the same time, we will refocus on productivity and cost, be it capital or operational, to make more efficient use of our management resources.

In non-resource fields, we will accelerate the shift of management resources to current and future "winning businesses" to realize our growth vision circa 2020, which aims to build multiple robust and large-scale earnings drivers. While selectively growing businesses (automotive, foods, retail, power generation and life sciences), we will be transforming our business models, such as developing downstream shale gas operations in North America and shifting to industrial finance's asset management business.

Looking at the outlook for the global business environment, the global economy is expected to remain shrouded in uncertainty, with the economies of developed countries still on a path to recovery, and signs of a slowdown in economic growth evident even in emerging countries such as China, India and Brazil.

Conscious of these conditions, we will forge ahead with New Strategic Direction as we work to create an even stronger earnings base and financial position. In tandem, through our diverse businesses, we aim to create sustainable corporate value while helping solve global problems. Moreover, guided by the spirit of the Three Corporate Principles, which form our corporate philosophy, we are determined to support economic activities and contribute to society through our businesses.

2) Main Investment Activities

We plan to invest in the mineral resources and oil and gas resources fields, which we expect to remain key earnings drivers, as well as the global environmental business, industrial finance, machinery, chemicals, living essentials and other fields, including Strategic Regions and Strategic Domains, which we see as future sources of earnings. All investments will be made with the aim of sustaining our growth.

Under New Strategic Direction, which we formulated in May 2013, 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 2014, we invested a total of ¥800.0 billion.

The main investments we made were focused on expansion work on resource projects, the aircraft-related leasing business, the shipping business, the acquisition of Kirin Kyowa Foods Company, Limited (now MC Food Specialties Inc.), the offshore transmission business and the acquisition of an additional stake in a Brazilian grain company.

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) Outlook for the Year Ending March 2015

The Company adopted International Financial Reporting Standards (IFRS), beginning with the consolidated financial statements in the Annual Securities Report for the year ended March 2014. Consequently, the Company's forecasts for the year ending March 2015, containing a projection of 400.0 billion yen in consolidated net income, were formulated based on IFRS. No forecasts based on US GAAP have been compiled.

Reference: Change of basic assumptions

	Year Ended March 2014 (Actual)	Year Ending March 2015 (Forecasts)	Change
Exchange rate	¥100.2 /US$	¥100 /US$	¥-0.2 /US$
Crude oil price	US$104.6 /BBL	US$100 /BBL	US$-4.6 /BBL
Interest rate (TIBOR)	0.23%	0.25%	+0.02%

8. Business Risks

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. Because 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 2014, the global economy saw an increase in volatility in the financial and commodity markets, mainly due to concerns about the outlook for the Chinese economy and rising geopolitical risk as a result of the situation in Ukraine and other developments. Volatility in the financial and commodity markets also increased due to expectations the U.S. would scale back its quantitative easing, and after it decided to begin tapering.

In emerging countries, the pace of economic growth has slowed even among major countries such as China, mainly due to slower growth in exports, compounded by structural problems within these countries. Furthermore, certain countries have tightened their monetary policies in response to increasing inflation pressures and other factors.

2) Market Risks

(Unless otherwise stated, calculations of effects on future consolidated net income are based on consolidated net income for the year ended March 2014. Consolidated net income, as used hereinafter, refers to “Profit attributable to owners of the Parent.”)

(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.

Fundamentally, LNG prices are linked to crude oil prices. As an estimate, a US$1/BBL fluctuation in the price of crude oil would have an approximate ¥1.0 billion effect on consolidated net income 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 wholly owned Australian 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 conditions and labor disputes.

In addition, as a producer, we are exposed to the risk of price fluctuations in copper and aluminum. Regarding copper, a US$100 fluctuation in the price per MT of copper would have a ¥1.3 billion effect on our consolidated net income for the year. However, variables besides 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. Regarding aluminum, a US$100 fluctuation in the price per MT of aluminum would have a ¥1.2 billion effect on our consolidated net income for the year. However, variables besides price fluctuations can also have an impact. These include the status of production operations, electricity costs, and foreign exchange movements. Therefore, the impact on earnings cannot be determined by the aluminum 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 equity-method 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 equity-method investee are relatively high in proportion to our consolidated net income. 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 consolidated net income. In terms of sensitivity, a ¥1 change relative to the U.S. dollar would have an approximate ¥2.5 billion effect on consolidated net income.

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 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, 2014, we owned approximately ¥1,400.0 billion (fair value basis) in marketable securities, mostly equity issues of customers, suppliers and affiliated companies. These investments expose us to the risk of fluctuations in stock prices. In our corporate pension fund, some of the pension assets managed are marketable stocks. Accordingly, a fall in stock prices could cause an increase in pension expenses by the reduction in pension assets.

(4) Interest Rate Risk

As of March 31, 2014, we had gross interest-bearing liabilities of approximately ¥6,075.8 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 are corresponding 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 are timing differences, 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 dividend income 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 strategies 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, in order to hedge these 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 trade into six categories based on risk money in terms of the sum total of the amount of investments, advances, and guarantees, and the amount of trade receivables, net of hedges, 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 a significant 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 investment meaning and purpose, quantitatively grasp the downside risk of investments and evaluate whether the return on our investments made 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 set forth 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.

While 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, we may incur losses resulting from 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 developing business at sales companies mainly outside of Japan and across the related value chain. Our risk exposure to MMC proper was approximately ¥160.0 billion as of March 31, 2014. Our risk exposure in connection with investments in businesses, finance, trade receivables and other related business was approximately ¥205.0 billion as of March 31, 2014 (of which, risk exposure in connection with the sales finance business was approximately ¥95.0 billion). Our total MMC-related risk exposure, including both the aforementioned risk exposure to MMC proper and our risk exposure to related business, was thus around ¥365.0 billion as of March 31, 2014.
For the year ended March 2014, MMC posted consolidated sales of ¥2,093.4 billion, operating profit of ¥123.4 billion and a net profit of ¥104.7 billion.

(Acquisition of Interest in Chilean Copper Asset)

On November 10, 2011, we completed the acquisition of 24.5% of Anglo American Sur, S.A. (AAS) for US$5.39 billion (approximately ¥420.0 billion). AAS is a Chilean copper mining and smelting company, wholly owned by Anglo American plc (AAC). The acquisition is the result of a sales process initiated by AAC. On August 23, 2012, Mitsubishi Corporation agreed to transfer 4.1% of its 24.5% shareholding in AAS to AAC for the sum of US$895 million. As a result of this deal, Mitsubishi Corporation's risk exposure to this project at March 31, 2014 was approximately ¥350.0 billion.

AAC sold a 29.5% shareholding in AAS to a joint venture between Chile's state-run copper producer Corporación Nacional del Cobre de Chile and Mitsui & Co., Ltd., comprising this 4.1% share from Mitsubishi Corporation and 25.4% owned by AAC. Following completion of these transactions, AAC has a 50.1% shareholding in AAS, the aforementioned joint venture has a 29.5% shareholding, and Mitsubishi Corporation has a 20.4% shareholding, thereby forming a strong 4-company partnership.

AAS holds a significant portfolio of copper assets in Chile, including the Los Bronces mine, the El Soldado mine, the Chagres smelter and large-scale prospective exploration properties. AAS completed an expansion project at the Los Bronces mine in November 2011, and with the Los Bronces mine at full production in 2012, AAS's annual copper production became approximately 470,000 tonnes (2013 result).

Mitsubishi Corporation has designated the expansion of high-quality resource investments and the expansion of its resource portfolio with sustainable growth as an important area. We will continue to grow its business in this area.

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. The 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, or infectious diseases such as a new strain of influenza or a large-scale accident, 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 affiliated 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 the company's 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. 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, we determine the fair value of marketable securities based on market prices. The fair value of non-marketable securities is determined using estimated future cash flows based on an investee’s financial position, business results, operating environment, business plans and other factors, and using the investee’s net assets per share and other parameters. Furthermore, we determine the fair value of derivatives using market transaction prices and valuation models.

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 customer’s payment 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 and payments 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 other than 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 highly likely 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	2014
RESULTS OF OPERATIONS:				
Revenues		¥6,009,887	¥7,635,168	$74,128
Gross profit		1,054,933	1,186,005	11,515
Net income attributable to owners of the Parent		323,457	361,359	3,508
FINANCIAL POSITION AT YEAR-END:				
Total assets	¥13,167,750	¥15,064,738	¥15,901,125	$154,380
Working capital*1	1,804,589	2,076,570	2,417,452	23,470
Borrowings (Non-current)	3,760,101	4,498,683	4,693,855	45,571
Total equity attributable to owners of the Parent	3,773,471	4,517,107	5,067,666	49,201
	Yen			U.S. Dollars
AMOUNTS PER SHARE:				
Net income attributable to owners of the Parent per share:				
Basic EPS		¥196.45	¥219.30	$2.13
Diluted EPS		196.02	218.80	2.12
Cash dividends declared for the year	¥65.00	55.00	68.00	0.66
	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	

Notes: The U.S. dollar amounts represent translations, for convenience only, of yen amounts at the rate of ¥103=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				
	2010	2011	2012	2013	2014
RESULTS OF OPERATIONS:					
Revenues	¥4,540,793	¥5,206,873	¥5,565,832	¥5,968,774	¥7,589,255
Gross profit	1,016,597	1,149,902	1,127,860	1,029,657	1,160,141
Net income from continuing operations attributable to Mitsubishi Corporation	275,787	464,543	452,344	360,028	444,793
Net income attributable to Mitsubishi Corporation	275,787	464,543	452,344	360,028	444,793
FINANCIAL POSITION AT YEAR-END:					
Total assets	¥10,803,702	¥11,272,775	¥12,588,320	¥14,410,665	¥15,291,699
Working capital*1	1,780,008	2,012,098	1,709,310	2,098,147	2,421,288
Long-term debt, less current maturities	3,246,029	3,188,749	3,760,101	4,498,683	4,692,531
Total Mitsubishi Corporation shareholders' equity	2,926,094	3,233,342	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	¥167.85	¥282.62	¥274.91	¥218.66	¥269.93
Diluted EPS	167.46	281.87	274.30	218.18	269.31
Net income attributable to Mitsubishi Corporation per share:					
Basic EPS	167.85	282.62	274.91	218.66	269.93
Diluted EPS	167.46	281.87	274.30	218.18	269.31
Cash dividends declared for the year	38.00	65.00	65.00	55.00	68.00
	Thousands of Shares				
COMMON STOCK:					
Number of shares outstanding at year-end*2	1,643,532	1,644,074	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	¥93.40	¥82.76	¥82.41	¥94.16	¥102.98
Average for the year	92.49	85.00	78.86	83.26	100.46
Range:					
Low	100.71	94.68	85.26	96.16	105.25
High	86.12	78.74	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, 2014, and the consolidated statements of income, other 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.

Member of
Deloitte Touche Tohmatsu Limited

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, 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translations

Our audit also includes the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditor's Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this annual report as information for readers.

/s/ Deloitte Touche Tohmatsu LLC

June 30, 2014

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, 2014 in accordance with "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Controls 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, 2014, we concluded that our internal controls system over financial reporting as of March 31, 2014 was effective and reported as such in the Management Internal Control Report.

Our Independent Auditor, Deloitte Touche Tohmatsu LLC, performed and audit of the Management Internal Control 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]

Ken Kobayashi, President and CEO, and Shuma Uchino, 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, 2014, 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 affiliated companies, 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 affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies 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 30, 2014

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: Kazuaki Furuuchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hideo Shirata

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

< 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 balance sheet of Mitsubishi Corporation (the "Company") and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the fiscal year from April 1, 2013 to March 31, 2014, 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 the Company and its consolidated subsidiaries as of March 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

< Audit of Internal Control >

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2014.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

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 the Company as of March 31, 2014 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest
Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

(The above represents a translation, for convenience only, of the original report issued in the Japanese language.)

Consolidated Financial Statements
Consolidated Statement of Financial Position

As of the Date of Transition, March 31, 2013 and 2014

	Millions of Yen			Millions of U.S. Dollars (Note 2)
ASSETS	Date of Transition	2013	2014	2014
Current assets				
Cash and cash equivalents (Note 29)	¥1,254,972	¥1,345,920	¥1,332,036	$12,932
Time deposits (Note 29)	116,024	123,654	142,705	1,386
Short-term investments (Notes 7 and 29)	19,536	27,159	23,533	228
Trade and other receivables (Notes 8, 15, 29, 30 and 40)	3,390,463	3,600,401	3,751,865	36,426
Other financial assets (Notes 29, 30 and 31)	77,872	137,579	136,398	1,324
Inventories (Notes 9, 15 and 29)	1,080,203	1,188,730	1,287,959	12,505
Advance payments to suppliers	217,779	199,900	236,493	2,296
Other current assets (Notes 29 and 30)	237,771	284,067	359,054	3,486
Total current assets	6,394,620	6,907,410	7,270,043	70,583
Non-current assets				
Investments accounted for using the equity method	1,551,929	2,434,350	2,833,576	27,510
Other investments (Notes 7, 15 and 29)	2,475,652	2,249,024	2,122,444	20,606
Trade and other receivables (Notes 8, 15, 29 and 40)	533,230	676,283	623,686	6,055
Other financial assets (Notes 29, 30 and 31)	92,597	112,186	93,174	905
Property and equipment (Notes 11, 14, 15 and 29)	1,693,939	2,263,610	2,509,918	24,368
Investment property (Notes 12, 15 and 29)	154,475	116,785	103,725	1,007
Intangible assets and goodwill (Notes 5 and 13)	163,934	180,583	213,729	2,075
Deferred tax assets (Note 27)	40,392	57,410	45,822	445
Other non-current assets	66,982	67,097	85,008	826
Total non-current assets	6,773,130	8,157,328	8,631,082	83,797
Total assets (Note 6)	¥13,167,750	¥15,064,738	¥15,901,125	$154,380

See notes to the consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen			Millions of U.S. Dollars (Note 2)
	Date of Transition	2013	2014	2014
Current liabilities				
Borrowings (Notes 16, 29, 31 and 32)	¥1,321,652	¥1,390,959	¥1,381,980	$13,417
Trade and other payables (Notes 17, 29, 32 and 40)	2,580,935	2,725,382	2,680,954	26,029
Other financial liabilities (Notes 29, 30, 31 and 32)	80,157	117,087	110,557	1,073
Advances from customers	207,557	183,517	220,041	2,136
Income tax payables	35,566	56,345	86,251	838
Other current liabilities (Notes 19, 29 and 30)	364,164	357,550	372,808	3,620
Total current liabilities	4,590,031	4,830,840	4,852,591	47,113
Non-current liabilities				
Borrowings (Notes 16, 29, 31 and 32)	3,760,101	4,498,683	4,693,855	45,571
Trade and other payables (Notes 17, 29, 32 and 40)	78,535	77,861	91,361	887
Other financial liabilities (Notes 29, 30, 31 and 32)	36,169	53,389	32,966	320
Accrued pension and retirement benefits (Note 18)	60,059	65,623	65,452	636
Deferred tax liabilities (Note 27)	406,908	482,028	462,391	4,489
Other non-current liabilities (Note 19)	101,549	124,539	163,139	1,584
Total non-current liabilities	4,443,321	5,302,123	5,509,164	53,487
Total liabilities	9,033,352	10,132,963	10,361,755	100,600
Equity				
Common stock (Note 20)	204,447	204,447	204,447	1,985
Additional paid-in capital (Note 20)	262,039	261,987	265,356	2,576
Treasury stock (Note 20)	(20,565)	(17,970)	(14,081)	(137)
Other components of equity				
Other investments designated as FVTOCI	546,707	686,859	625,151	6,070
Cash flow hedges	(10,155)	(6,978)	(4,119)	(40)
Exchange differences on translating foreign operations		366,714	638,220	6,196
Total other components of equity (Note 21)	536,552	1,046,595	1,259,252	12,226
Retained earnings (Notes 7 and 20)	2,790,998	3,022,048	3,352,692	32,551
Equity attributable to owners of the Parent	3,773,471	4,517,107	5,067,666	49,201
Non-controlling interest	360,927	414,668	471,704	4,579
Total equity	4,134,398	4,931,775	5,539,370	53,780
Total liabilities and equity	¥13,167,750	¥15,064,738	¥15,901,125	$154,380

See notes to the consolidated financial statements.

Consolidated Statement of Income

For the years ended March 31, 2013 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2013	2014	2014
Revenues (Notes 6, 23, 25 and 31)	¥6,009,887	¥7,635,168	$74,128
Costs of revenues (Notes 9, 25 and 31)	(4,954,954)	(6,449,163)	(62,613)
Gross profit (Note 6)	1,054,933	1,186,005	11,515
Selling, general and administrative expenses (Notes 18 and 24)	(885,912)	(952,898)	(9,252)
Gains on investments (Notes 5, 25 and 37)	12,316	46,335	450
Gains on sale and disposal of long-lived assets	7,128	5,964	58
Impairment losses on long-lived assets (Notes 11, 12 and 13)	(72,001)	(20,517)	(199)
Other income (expense) - net (Notes 5, 25, 26 and 31)	32,305	(66,794)	(649)
Finance income (Notes 7 and 25)	153,039	197,231	1,915
Finance costs (Notes 25 and 31)	(26,922)	(31,728)	(308)
Income from investments accounted for using the equity method (Notes 6 and 38)	167,840	168,356	1,635
Income before income taxes	442,726	531,954	5,165
Income taxes (Note 27)	(99,102)	(145,595)	(1,414)
Net income	¥343,624	¥386,359	$3,751
Net income attributable to:			
Owners of the Parent (Note 6)	¥323,457	¥361,359	$3,508
Non-controlling interest	20,167	25,000	243
	¥343,624	¥386,359	$3,751
Net income attributable to owners of the Parent per share (in Yen)			
Basic (Note 28)	¥196.45	¥219.30	$2.13
Diluted (Note 28)	196.02	218.80	2.12

See notes to consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

For the years ended March 31, 2013 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2013	2014	2014
Net income	¥343,624	¥386,359	$3,751
Other comprehensive income (loss), net of tax			
Items that will not be reclassified to net income:			
Gains (losses) on other investments designated as FVTOCI (Note 21)	167,759	(2,450)	(24)
Remeasurement of defined benefit pension plans (Note 21)	(15,976)	17,882	174
Total	151,783	15,432	150
Items that may be reclassified to net income:			
Cash flow hedges (Note 21)	2,542	3,255	31
Exchange differences on translating foreign operations (Note 21)	377,916	278,277	2,702
Total	380,458	281,532	2,733
Total other comprehensive income, net of tax (Note 38)	532,241	296,964	2,883
Total comprehensive income	¥875,865	¥683,323	$6,634
Comprehensive income attributable to:			
Owners of the Parent	¥837,853	¥643,850	$6,251
Non-controlling interest	38,012	39,473	383
	¥875,865	¥683,323	$6,634

See notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the years ended March 31, 2013 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2013	2014	2014
Common stock: (Note 20)			
Balance, beginning of year	¥204,447	¥204,447	$1,985
Balance, end of year	204,447	204,447	1,985
Additional paid-in capital: (Note 20)			
Balance, beginning of year	262,039	261,987	2,544
Compensation costs related to stock options (Note 22)	1,006	1,322	13
Sales of treasury stock upon exercise of stock options	(925)	(1,412)	(14)
Equity transactions with non-controlling interests and others (Note 37)	(133)	3,459	33
Balance, end of year	261,987	265,356	2,576
Treasury stock: (Note 20)			
Balance, beginning of year	(20,565)	(17,970)	(174)
Sales of treasury stock upon exercise of stock options	2,578	3,628	35
Purchases and sales—net	17	261	2
Balance, end of year	(17,970)	(14,081)	(137)
Other components of equity: (Note 21)			
Balance, beginning of year	536,552	1,046,595	10,161
Other comprehensive income attributable to owners of the Parent	514,396	282,491	2,743
Transfer to retained earnings	(4,353)	(69,834)	(678)
Balance, end of year	1,046,595	1,259,252	12,226
Retained earnings: (Note 20)			
Balance, beginning of year	2,790,998	3,022,048	29,340
Net income attributable to owners of the Parent	323,457	361,359	3,508
Cash dividends paid to owners of the Parent	(95,503)	(98,862)	(960)
Sales of treasury stock upon exercise of stock options	(1,257)	(1,687)	(15)
Transfer from other components of equity	4,353	69,834	678
Balance, end of year	3,022,048	3,352,692	32,551
Equity attributable to owners of the Parent	4,517,107	5,067,666	49,201
Non-controlling interest:			
Balance, beginning of year	360,927	414,668	4,026
Cash dividends paid to non-controlling interest	(14,584)	(23,328)	(226)
Equity transactions with non-controlling interest and others	30,313	40,891	396
Net income attributable to non-controlling interest	20,167	25,000	243
Other comprehensive income attributable to non-controlling interest (Note 21)	17,845	14,473	140
Balance, end of year	414,668	471,704	4,579
Total equity	¥4,931,775	¥5,539,370	$53,780
Comprehensive income attributable to:			
Owners of the Parent	¥837,853	¥643,850	$6,251
Non-controlling interest	38,012	39,473	383
Total comprehensive income	¥875,865	¥683,323	$6,634

See notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the years ended March 31, 2013 and 2014

	Millions of Yen		Millions of U.S. Dollars (Note 2)
	2013	2014	2014
Operating activities:			
Net income	¥343,624	¥386,359	$3,751
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	152,057	184,726	1,794
Gains on investments	(12,316)	(46,335)	(450)
Losses on long-lived assets	64,873	14,553	141
Finance income — net of finance costs	(126,117)	(165,503)	(1,607)
Income from investments accounted for using the equity method	(167,840)	(168,356)	(1,635)
Income taxes	99,102	145,595	1,414
Changes in notes and accounts receivable — trade	78,410	(62,304)	(605)
Changes in inventories	(94,574)	(67,397)	(654)
Changes in notes, acceptance and accounts payable — trade	5,150	(95,022)	(923)
Other — net	(81,975)	48,653	473
Dividends received	244,554	314,067	3,049
Interest received	67,776	77,398	752
Interest paid	(42,562)	(48,360)	(470)
Income taxes paid	(76,835)	(136,498)	(1,325)
Net cash provided by operating activities	453,327	381,576	3,705
Investing activities:			
Expenditures for property and equipment	(581,786)	(496,108)	(4,817)
Proceeds from sales of property and equipment	27,856	84,857	824
Expenditures for investment property	(19,768)	(1,571)	(15)
Proceeds from sales of investment property	44,089	31,021	301
Purchases of investments accounted for using the equity method	(305,966)	(194,220)	(1,886)
Proceeds from sales of investments accounted for using the equity method	27,377	89,788	872
Acquisitions of businesses — net of cash acquired (Note 36)	(12,439)	(36,627)	(356)
Proceeds from sales of businesses — net of cash divested	2,063	10,264	100
Purchases of other investments	(84,768)	(98,148)	(953)
Proceeds from sales of other investments	235,588	299,232	2,905
Increase in loans receivable	(191,213)	(93,441)	(907)
Collection of loans receivable	72,198	124,890	1,213
Net increase in time deposits	(4,257)	(20,439)	(198)
Net cash used in investing activities	(791,026)	(300,502)	(2,917)

Financing activities:			
Net decrease in short-term debts	(147,553)	(126,915)	(1,232)
Proceeds from long-term debts — net of issuance costs	1,385,319	845,112	8,205
Repayment of long-term debts	(741,668)	(745,558)	(7,239)
Payment of dividends	(95,503)	(98,862)	(960)
Payment of dividends to the non-controlling interest	(14,584)	(23,328)	(226)
Payment for acquisition of subsidiary's interests from the non-controlling interest	(893)	(5,556)	(54)
Proceeds from sales of subsidiary's interests to the non-controlling interest	2,858	35,472	344
Net decrease in treasury stock	390	790	8
Net cash provided by (used in) financing activities	388,366	(118,845)	(1,154)
Effect of exchange rate changes on cash and cash equivalents	40,281	23,887	231
Net increase (decrease) in cash and cash equivalents	90,948	(13,884)	(135)
Cash and cash equivalents, beginning of year	1,254,972	1,345,920	13,067
Cash and cash equivalents, end of year	¥1,345,920	¥1,332,036	$12,932

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 6 "Segment information". The consolidated financial statements of the Parent comprise the accounts of the Company, including the interests in affiliated companies and joint arrangements.

2. BASIS OF PREPARATION

(1) Compliance with International Financial Reporting Standards (IFRS) and matters concerning its first-time adoption

These consolidated financial statements have been prepared in accordance with the IFRS as issued by the International Accounting Standards Board, permitted by the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No.28 of 1976) as all requirements of "Specified Company" set forth in Article 1-2 of said Ordinance have been fulfilled.

The Company applied IFRS for the first time for the year ended March 31, 2014, and made the transition to IFRS on April 1, 2012. The Company's accounting policies are in compliance with IFRS effective as of March 31, 2014, excluding the IFRS provisions that have not been applied early and the exemptions stated in Note 43 "Disclosure on transition to IFRS".

The Company's annual consolidated financial statements were previously prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). U.S. GAAP differs from IFRS in some areas. In preparing the consolidated financial statements in accordance with IFRS, the Company amended recognition, measurement, presentation and disclosure which were previously applied under U.S. GAAP in certain areas. The amounts as of the Date of Transition and comparative figures have been restated to reflect these adjustments and reclassification.

(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, 2014 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥103=US$1, the approximate rate of exchange at March 31, 2014. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) 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 future periods that are affected.

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 (18) Revenues

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2015 is included in the following notes:

- Fair value of financial instruments: Note 7, 29
- Impairment of financial assets: Note 8
- Impairment of non-financial assets: Notes 11, 12, 13, 14
- Measurement of defined benefit obligation: Note 18
- Provisions: Note 19
- Recoverability of deferred tax assets: Note 27

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of consolidation

(i) Subsidiaries

The Parent consolidates the investees that it directly or indirectly controls. Therefore generally the Company 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, so the equity method is applied.

In addition, the Company consolidates a structured entity which is designed so that voting or similar rights are not the dominant factor in determining who controls the entity, where it substantially controls the decision-making body of the entity. As to whether or not the Company controls a structured entity, the Company is deemed to have control if it has exposure or rights to variable returns from its involvement with the structured entity and has the ability to use its power to affect the Company's returns from its involvement with the structured entity. When the Company with decision-making rights assesses whether it controls a structured entity, it determines whether it is a principal or an agent with particular reference to:

(a) the scope of its decision-making authority over the investee;
(b) the rights held by other parties;
(c) the remuneration to which it is entitled in accordance with the remuneration agreements; and
(d) the Company's exposure to variability of returns from other interests that it holds in the investee.

The consolidated financial statements include net income 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 as necessary, to adhere to the accounting policies adopted by the Company.

All significant 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 net income.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".

Please refer to Appendix for the major consolidated subsidiaries.

(ii) Business combinations

Acquisition of businesses is 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 acquisition-date fair values 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 in exchange of control over the acquiree. 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 that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with International Accounting Standards (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 at 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 exceeds the net value of identifiable assets and liabilities at the acquisition date, goodwill is measured at the excess amount.

As a result of reassessment, if the net value 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 net income 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 re-measured 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 net income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to net income 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 1 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) Affiliated companies, and joint ventures

The equity method is applied to investments in affiliated companies and joint ventures. An affiliated company is an entity which is not controlled 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 affiliated companies. 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 financial and operating or business policies require the unanimous consent of the parties sharing control.

Under the equity method, the investment in an affiliated company 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 affiliated company or the joint venture after the date of acquisition. The Company's share of the net income of the affiliated company or the joint venture is recognized in the Company's net income. The Company's share of the other comprehensive income of the affiliated company or the joint venture is recognized in the Company's other comprehensive income.When the Company's share of losses of an affiliated company or a joint venture equals or exceeds its interest in the affiliated company 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 affiliated company 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 affiliated company or joint venture.All significant intercompany profits have been eliminated in proportion to interests in affiliated companies and joint ventures.

An affiliated company or a joint venture is accounted for using the equity method from the date they become an affiliated company 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 affiliated companies 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 net income as a gain or loss on disposal of such investments. The amount previously recognized as other comprehensive income by affiliated companies and joint ventures is accounted for by determining whether or not they should be reclassified into net income as if related assets or liabilities had been directly disposed of.

(iv) Joint operations

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 significant intercompany accounts and transactions have been eliminated in proportion to interests.

(v) Investment Entities

The Company has early-applied IFRS 10 "Consolidated Financial Statements (Investment Entities)" (amended in October 2012). If an affiliated company or a joint venture of the Company, which is not controlled by the Company,meets the definition of investment entity, the affiliate company 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". IFRS10 defines an investment entity as an 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, affiliated companies 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, affiliated companies or joint arrangement and that of the consolidated financial statements.

(2) Foreign currency translation

Items in financial statements denominated in foreign currency 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 income (expense) - net" in the consolidated statement of income.

The assets and liabilities of foreign operations, affiliated companies, etc. 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".

In the event of a loss of control due to the disposal of foreign operations, the cumulative amount of exchange difference is reclassified into net income. 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 net income. In other cases of partial disposal that leads 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 net income.

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 has early-applied IFRS 9 "Financial Instruments" (revised in December 2011) to the accounting treatment of financial instruments.

(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 transaction date on which the Company became a party to the contract concerning such financial instruments.

The Company recognizes financial assets at its fair value. Financial assets not recorded at fair value through profit or loss, also includes 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 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 net income.

(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, the contractual cash flows of which 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 as to 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 or repurchasing 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 net income. Dividend income from financial assets measured at FVTOCI is recognized in net income, 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 short-term time deposits, commercial paper, debt securities and certificates of deposit) 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 cancelled 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 consideration paid, net of direct transaction costs and tax, is recognized as a deduction from equity. When the Company disposes treasury stock, gains (losses) on sales of treasury stock, including the exercise of stock options is recognized in additional paid-in capital.

(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.

Generally, on the date on which the derivative contract is executed, the Company designates such derivative as a hedging instrument of either a fair value hedge or a cash flow hedge to the extent that hedging criteria are met.

The Company assesses hedge effectiveness on a quarterly by confirming the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Fair value hedges

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

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to net income from that date.

Cash flow hedges

Derivative instruments designated as hedging instruments of cash flow hedges include interest rate swaps to convert floating-rate liabilities to fixed-rate liabilities, and forward exchange contracts to eliminate variability in functional-currency-equivalent cash flows on forecasted sales transactions. Additionally, commodity swaps and futures contracts which 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 net income at the time that the associated hedged transactions are recognized in net income. Any ineffectiveness is recognized directly in net income.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in "Other components of equity" at that time remains in equity and is reclassified into net income when the forecasted transaction is ultimately recognized in net income. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in "Other components of equity" is recognized immediately in net income.

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. Changes in fair values of hedging instruments are recognized in other comprehensive income and 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 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 net income.

(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 net income.

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 and equipment

Recognition and measurement

Property 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 and equipment varies from component to component, each component is recognized as a separate item of property and equipment.

Depreciation

Land is not depreciated. Depreciation on other assets 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 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	5 to 40 years
Machinery and equipment	5 to 40 years
Aircraft and vessels	13 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.

Derecognition

Carrying amount of an item of property 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 and equipment is included in net income 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 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 net income 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 is 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(ii) 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 net income.

(iv) Amortization

Other than goodwill and intangible assets with indefinite useful lives, intangible assets are amortized by 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	4 to 10 years
Manufacturing, sales and service licenses and trademarks	17 to 50 years
Customer relationships	2 to 23 years
Trade names	5 to 15 years

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

(9) Lease

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 attributed.

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 by the 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 is charged to net income 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 and equipment or intangible assets.

As the capitalized exploration and evaluation expenditure is not available for use, it is not depreciated. Capitalized exploration and evaluation expenditure is 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 expenditure is 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 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 1 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 and 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 net income 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 net income.

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 group 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 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 that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset 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.

Increase/decrease in benefit obligations for employees' past services due to the revision of the pension plan is recognized in net income.

The Company recognizes the increase/decrease in obligations due to the remeasurement of benefit obligations and pension assets of defined benefit plans in other comprehensive income and is accumulated in "Other components of equity" and immediately reclassifies them to "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. The obligation to make contributions under defined contribution plans are recognized in net income 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 and adjusted each period to reflect developments which 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 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, 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, unit of transactions shall be a single contract. However, in certain circumstances, it is necessary to apply the recognition criteria to the 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 the series of transaction as a whole.

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 customer's 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 reasonably dependable 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. For revenues from rental or leasing activities, please refer to the accounting policy of leases described.above.

(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 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 shall be 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 net income.

(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 net income 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 net income 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 net income, 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, affiliated companies 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, affiliated companies 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 enacted or 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 to reduce future taxable income. 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 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 which 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 by the date of approval of the consolidated financial statement but were not yet applied by the Company as of March 31, 2014, are as follows. The Company is currently assessing the possible impacts that application of these will have on the consolidated financial statements.

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
IFRIC 21	Levies	January 1, 2014	March 31, 2015	Accounting for liabilities to pay levies
IAS 36 (Amended)	Impairment of Assets	January 1, 2014	March 31, 2015	Disclosure requirements for recoverable amounts of impaired assets
IFRS 9 (2013)	Financial Instruments: Hedge Accounting	Not yet decided	Not yet decided	Accounting and disclosure requirements for hedge accounting
IFRS 15	Revenue from Contracts with Customers	January 1, 2017	March 31, 2018	Accounting and disclosure requirements for revenue recognition
IFRS 11 (Amended)	Joint Arrangements	January 1, 2016	March 31, 2017	Clarification of the accounting for acquisitions of interests in joint operations

5. BUSINESS COMBINATIONS

Significant business combinations for the year ended March 31, 2013 were as follows:

Acquisition of M.O.TEC CORPORATION

On February 20, 2013 (the acquisition date), the Company acquired through a tender offer an additional 52.83% of voting rights in M.O.TEC CORPORATION ("M.O.TEC"), a company involved in the business of lease, sales, construction, maintenance and transportation of materials for temporary construction.

The acquisition raised the Company's ownership of M.O.TEC to 94.56% of voting rights from its previously held equity interest. As a result, M.O.TEC became a subsidiary of the Company as the Company obtained control of M.O.TEC. The Company intends to expand the earnings power in the structural steel, ferrous raw materials business and heavy temporary construction business through the acquisition.

The following table summarizes the estimated fair values of consideration paid, previously held equity interest and non-controlling interest, as well as the assets acquired and liabilities assumed at the date of the acquisition.

	Millions of Yen
	2013
Fair value of consideration paid	¥2,580
Fair value of previously held equity interest	1,962
Fair value of non-controlling interest	281
Total	¥4,823
Fair value of assets acquired and liabilities assumed	
Trade and other receivables (current)	¥14,175
Inventories	19,302
Property and equipment	10,487
Other assets	3,769
Current liabilities	(28,690)
Non-current liabilities	(3,438)
Total	¥15,605

Upon remeasuring the fair value of its previously held equity interests, the Company recognized a gain of ¥202 million in "Gains on investments" for the year ended March 31, 2013.

This business combinations resulted in a bargain purchase transactions because the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid, the fair value of previously held equity interest, and the fair value of non-controlling interests by ¥10,782 million. The Company also recognized the amount as a gain and recorded the amount in "Other income (expense) - net" in the consolidated statement of income for the year ended March 31, 2013 and was included in the Metals segment.

The fair values of the previously held equity interest and non-controlling interest in M.O.TEC, a listed entity, were measured at quoted market price.

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 not material to the consolidated financial statements.

Acquisition of YONEKYU CORPORATION

On February 27, 2013 (the acquisition date), the Company acquired through a tender offer an additional 44.27% of voting rights in YONEKYU CORPORATION ("YONEKYU"), a company involoved in the business of production and sale of meat, foods and beverage, and management of restaurants, etc.

The acquisition raised the Company's ownership of YONEKYU to 71.02% of voting rights from its previously held equity interest. As a result, YONEKYU became a subsidiary of the Company as the Company obtained control of YONEKYU. The Company intends to enhance the Company's feed and meat business through the acquisition.

The following table summarizes the estimated fair values of consideration paid, previously held equity interest and non-controlling interest, as well as the assets acquired and liabilities assumed at the date of the acquisition.

	Millions of Yen
	2013
Fair value of consideration paid	¥10,670
Fair value of previously held equity interest	6,447
Fair value of non-controlling interest	5,426
Total	¥22,543
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	¥8,847
Trade and other receivables (current)	15,672
Inventories	8,342
Other investments	5,526
Property and equipment	18,336
Other assets	3,703
Current liabilities	(24,550)
Non-current liabilities	(2,636)
Total	¥33,240

Upon remeasuring the fair value of its previously held equity interest, the Company recorded a gain of ¥985 million in "Gains on investments" for the year ended March 31, 2013.

This business combination resulted in a bargain purchase transaction because the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid, the fair value of previously held equity interest, and the fair value of non-controlling interest by ¥10,697 million. The Company also recognized the amount as a gain and recorded the amount in "Other income (expense) - net" in the consolidated statement of income for the year ended March 31, 2013 and was included in the Living Essentials segment.

The fair value of the previously held equity interest in YONEKYU, a listed entity, was measured at the quoted market price. The fair value of non-controlling interest in YONEKYU was measured at the price based on the quoted market price with control premium adjustment.

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

Significant business combinations for the year ended March 31, 2014 were as follows:

Acquisition of Kirin Kyowa Foods Co., Ltd.

On July 1, 2013 (the acquisition date), the Company acquired in cash 81.02% of voting rights in Kirin Kyowa Foods Co., Ltd. ("KKF", currently renamed as "MC Food Specialties Inc."), a company involved in the business of manufacturing and sales of food science products.

As a result of the acquisition, KKF became a subsidiary of the Company as the Company obtained control of KKF. Through the acquisition, the Company intends to develop a leading food science business in a global industry by using KKF as a core entity of the Company to consolidate its food innovation and technical know-how capabilities of the group.

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

	Millions of Yen	Millions of U.S. Dollars
	2014	2014
Fair value of consideration paid	¥24,705	$240
Fair value of non-controlling interest	5,795	56
Total	¥30,500	$296
Fair value of assets acquired, liabilities assumed and goodwill		
Trade and other receivables (current)	¥20,274	$197
Inventories	10,187	99
Investments accounted for using the equity method	3,415	33
Other investments	7,893	77
Property and equipment	15,929	155
Intangible assets	7,427	72
Goodwill	4,294	42
Other assets	3,219	31
Current liabilities	(19,308)	(188)
Non-current liabilities	(22,830)	(222)
Total	¥30,500	$296

The fair value of non-controlling interest was measured by considering the evaluation of assets, liabilities and enterprise value of KKF by third-parties and other related issues.

The goodwill consisted primarily of future economic benefits and synergies with the existing operations and was non-deductible for tax purpose.

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 not material to the consolidated financial statements.

Acquisition of Los Grobo Ceagro do Brasil S.A.

On September 13, 2013 (the acquisition date), the Company acquired in cash an additional 60.00% of voting rights in Los Grobo Ceagro do Brasil S.A. ("Ceagro", currently renamed as "AGREX DO BRASIL S.A."), a company involved in the business of production, sales, and export of grain, and sales of agricultural materials such as seeds, fertilizer, and agrichemicals.

The acquisition raised the Company's ownership of Ceagro to 80.00% of voting rights from its previously held equity interest. The Company intended to expand the Company's food and commodity supply sources globally through the acquisition. In addition, the Company acquired 49.99% of voting rights in AGREX DO BRASIL PATRIMONIAL S.A., a land holding company spun-off by Ceagro, relating to the business combination. As a result, the Company obtained control of Ceagro and AGREX DO BRASIL PATRIMONIAL S.A., which became subsidiaries of the Company.

The following table summarizes the estimated fair values of consideration paid, previously held equity interest, and non-controlling interest, as well as the assets acquired and liabilities assumed at the date of acquisition.

	Millions of Yen	Millions of U.S. Dollars
	2014	2014
Fair value of consideration paid	¥15,246	$148
Fair value of previously held equity interest	4,385	43
Fair value of non-controlling interest	5,054	49
Total	¥24,685	$240
Fair value of assets acquired, liabilities assumed and goodwill		
Cash and cash equivalents	¥3,406	$33
Trade and other receivables (current)	9,485	92
Inventories	17,659	171
Investments accounted for using the equity method	2,163	21
Property and equipment	6,649	65
Goodwill	16,035	156
Other assets	4,545	44
Current liabilities	(26,419)	(256)
Non-current liabilities	(8,838)	(86)
Total	¥24,685	$240

Upon remeasuring the fair value of its previously held equity interests, the Company recorded a gain of ¥927 million ($9 million) in "Gains on investments" in the consolidated statement of income for the year ended March 31, 2014.

The fair value of previously held equity interest and non-controlling interest were measured by considering the evaluation of assets, liabilities and enterprise value of Ceagro by third-parties and other related factors.

The goodwill consisted primarily of future economic benefits and synergies with the existing operations and was non-deductible for tax purpose.

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

6. 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 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, LNG (Liquefied Natural Gas), and LPG (Liquefied Petroleum Gas); 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, elevating machinery, 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 net income (loss) attributable to the Parent.

Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties.

The Company's operating segment information at and for the years ended March 31, 2013 and 2014 was as follows:

Millions of Yen

2013	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Revenues	¥20,612	¥189,766	¥1,553,116	¥691,532	¥852,842	¥1,136,137	¥1,528,318	¥5,972,323	¥39,844	¥(2,280)	¥6,009,887
Gross profit	19,574	65,326	65,248	140,700	185,714	92,225	465,186	1,033,973	23,241	(2,281)	1,054,933
Income (loss) from investments accounted for using the equity method	17,606	15,665	72,638	22,915	12,572	13,754	22,743	177,893	(10,433)	380	167,840
Net income (loss) attributable to owners of the Parent	18,361	27,896	127,295	28,275	61,497	25,632	39,026	327,982	(5,377)	852	323,457
Total assets	725,607	1,005,162	2,249,866	4,500,384	1,807,220	921,939	2,574,442	13,784,620	2,845,728	(1,565,610)	15,064,738

Millions of Yen

2014	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Revenues	¥29,664	¥172,265	¥1,886,026	¥873,154	¥829,006	¥1,465,304	¥2,353,559	¥7,608,978	¥32,937	¥(6,747)	¥7,635,168
Gross profit	28,050	67,168	62,150	241,898	186,680	102,589	480,928	1,169,463	23,289	(6,747)	1,186,005
Income (loss) from investments accounted for using the equity method	18,402	16,189	65,743	1,193	30,026	17,290	22,649	171,492	(3,485)	349	168,356
Net income attributable to owners of the Parent	16,500	29,674	118,574	8,047	98,835	21,689	59,155	352,474	9,661	(776)	361,359
Total assets	862,148	1,031,393	2,464,014	4,703,943	1,891,157	1,008,397	2,662,090	14,623,142	3,148,569	(1,870,586)	15,901,125

Millions of U.S. Dollars

2014	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Revenues	$288	$1,672	$18,311	$8,477	$8,049	$14,226	$22,850	$73,873	$320	$(65)	$74,128
Gross profit	272	652	603	2,349	1,812	996	4,669	11,353	227	(65)	11,515
Income (loss) from investments accounted for using the equity method	179	157	638	12	292	168	220	1,666	(34)	3	1,635
Net income attributable to owners of the Parent	160	288	1,151	78	960	211	574	3,422	94	(8)	3,508
Total assets	8,370	10,014	23,922	45,669	18,361	9,790	25,846	141,972	30,569	(18,161)	154,380

*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 determines the infrastructure-related business of the "Global Environmental & Infrastructure Business Group" as an operating segment and is thus presented as the Global Environmental & Infrastructure Business.

[Geographic Information]

Revenues and non-current assets at and for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Revenues:			
Japan	¥4,486,974	¥5,431,592	$52,734
U.S.A	166,243	622,689	6,046
Other	1,356,670	1,580,887	15,348
Total	¥6,009,887	¥7,635,168	$74,128
Non-current assets (excluding financial assets, deferred tax assets and post-employment benefit assets)			
Australia	¥1,029,060	¥1,162,417	$11,286
Japan	782,537	755,100	7,331
Other	792,064	947,589	9,200
Total	¥2,603,661	¥2,865,106	$27,817

*1. 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, 2013 and 2014, respectively.

7. SHORT-TERM INVESTMENTS AND OTHER INVESTMENTS

The following is a breakdown of the carrying amounts of short-term investments and other investments at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen			
	FVTPL	FVTOCI	Amortized cost	Total
(Date of Transition)				
Short-term investments	¥9,153		¥10,383	¥19,536
Other investments	109,480	¥2,235,521	130,651	2,475,652
(March 31, 2013)				
Short-term investments	11,801		15,358	27,159
Other investments	107,970	2,021,745	119,309	2,249,024
(March 31, 2014)				
Short-term investments	13,542		9,991	23,533
Other investments	52,444	1,944,769	125,231	2,122,444

	Millions of U.S. Dollars			
	FVTPL	FVTOCI	Amortized cost	Total
(March 31, 2014)				
Short-term investments	$131		$97	$228
Other investments	509	$18,881	1,216	20,606

The following is a breakdown of the fair values of financial assets measured at FVTOCI at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen			Millions of U.S. Dollars
	2012	2013	2014	2014
Marketable	¥916,801	¥1,017,988	¥906,683	$8,803
Non-marketable	1,318,720	1,003,757	1,038,086	10,078

Of the above, the fair values of the marketable securities at the Date of Transition, March 31, 2013 and 2014, were as follows.

(Date of Transition)

Security name	Amount (Millions of Yen)
CAP	¥102,054
ISUZU MOTORS	75,897
INPEX CORPORATION	75,186
MITSUBISHI MOTORS CORPORATION	72,828
AYALA	49,499
AEON	47,515
JX HOLDINGS	24,940
POSCO	24,260
NISSIN FOODS HOLDINGS	24,141
SUMBER ALFARIA TRIJAYA	15,615
MITSUBISHI ESTATE	15,482
THAI UNION FROZEN PRODUCTS	13,685
YAMAZAKI BAKING	11,682
NIPPON STEEL & SUMITOMO METAL CORPORATION	11,508
TOKYO GAS	10,904
MITSUBISHI HEAVY INDUSTRIES	10,673
ACERINOX	9,906
NHK SPRING	9,895
LIANHUA SUPERMARKET HOLDINGS	8,697
TOKIO MARINE HOLDINGS	8,200
Other	294,234

(March 31, 2013)

Security name	Amount (Millions of Yen)
CAP	¥88,089
ISUZU MOTORS	86,851
MITSUBISHI MOTORS CORPORATION	83,455
AYALA	83,185
INPEX CORPORATION	57,250
AEON	53,151
NISSIN FOODS HOLDINGS	36,565
MITSUBISHI ESTATE	27,230
JX HOLDINGS	25,329
POSCO	24,344
SUMBER ALFARIA TRIJAYA	21,860
THAI UNION FROZEN PRODUCTS	17,735
MANILA WATER	15,751
TOKYO GAS	14,371
MITSUBISHI HEAVY INDUSTRIES	14,239
YAMAZAKI BAKING	12,608
NHK SPRING	10,907
MITSUBISHI UFJ FINANCIAL GROUP	10,204
KIRIN HOLDINGS	10,140
SHIN-ETSU CHEMICAL	10,052
Other	314,672

(March 31, 2014)

Security name	Amount (Millions of Yen)	Amount (Millions of U.S. Dollars)
MITSUBISHI MOTORS CORPORATION	¥106,968	$1,039
ISUZU MOTORS	92,797	901
AYALA	84,220	818
AEON	50,906	494
CAP	48,656	472
MITSUBISHI MOTORS CORPORATION (non-voting shares)	41,729	405
NISSIN FOODS HOLDINGS	38,816	377
MITSUBISHI ESTATE	25,656	249
JX HOLDINGS	24,162	235
INPEX CORPORATION	19,580	190
HOKUETSU KISHU PAPER	18,969	184
THAI UNION FROZEN PRODUCTS	18,947	184
SUMBER ALFARIA TRIJAYA	16,239	158
MITSUBISHI HEAVY INDUSTRIES	15,889	154
T-GAIA	12,145	118
YAMAZAKI BAKING	12,036	117
RYOHIN KEIKAKU	10,718	104
NHK SPRING	10,640	103
MITSUBISHI UFJ FINANCIAL GROUP	10,368	101
KIRIN HOLDINGS	9,596	93
Other	237,646	2,307

The non-marketable securities primarily consisted of the investments related to mineral resources. Such principally investments included Sakhalin Energy Investment Company and Malaysia LNG Dua for LNG, and also included Anglo American Sur (only at the Date of Transition), Minera Escondida, Anglo American Quellaveco and Compania Minera Antamina for copper.
Fair values of the investments related to mineral resources were ¥1,155,776 million, ¥829,609 million and ¥826,521 million ($8,024 million) at the Date of Transition, March 31, 2013 and 2014, respectively.

The amounts of dividend income from financial assets measured at FVTOCI held at March 31, 2013 and 2014 that were recognized for the years ended March 31, 2013 and 2014 were ¥ 128,781 million and ¥161,923 million ($1,572 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, accumulated gains or losses on disposal (before tax) and dividend income for the years ended March 31, 2013 and 2014 were as follows.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Fair value at the time of derecognition	¥142,032	¥194,685	$1,890
Accumulated gain or loss on disposal (before tax)	28,858	90,440	878
Dividend income	762	2,819	27

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 amount transferred was ¥19,133 million and ¥55,936 million ($543 million) for the years ended March 31, 2013 and 2014, respectively.

8. TRADE AND OTHER RECEIVABLES

The following is a breakdown of the carrying amounts of "Trade and other receivables" at the Date of Transition, March 31, 2013 and 2014.

Classification	Millions of Yen Date of Transition	Millions of Yen 2013	Millions of Yen 2014	Millions of U.S. Dollars 2014
Current trade and other receivables				
Notes receivable-trade	¥369,436	¥349,199	¥373,192	$3,623
Accounts receivable-trade and other	2,854,865	3,013,214	3,096,488	30,063
(Amount not expected to be collected within 1 year included within the above account)	34,075	32,394	35,063	340
Loans and other receivables	189,971	266,905	308,898	2,999
Allowance for doubtful receivables	(23,809)	(28,917)	(26,713)	(259)
Total current trade and other receivables	¥3,390,463	¥3,600,401	¥3,751,865	$36,426
Non-current trade and other receivables				
Loans receivable	¥175,681	¥238,226	¥198,579	$1,928
Other receivables	381,029	460,881	461,443	4,480
Allowance for doubtful receivables	(23,480)	(22,824)	(36,336)	(353)
Total non-current trade and other receivables	¥533,230	¥676,283	¥623,686	$6,055

Short-term or 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 added according to 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 surrounding 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, 2013 and 2014 are as follows.

	Millions of Yen 2013	Millions of Yen 2014	Millions of U.S. Dollars 2014
Balance at beginning of year	¥47,289	¥51,741	$502
Provision for credit losses	7,364	18,994	185
Charge-offs	(5,070)	(9,446)	(92)
Other*	2,158	1,760	17
Balance at end of year	¥51,741	¥63,049	$612

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

At the Date of Transition, March 31, 2013 and 2014, the balances of trade and other receivables impaired individually were ¥48,769 million, ¥96,907 million and ¥111,270 million ($1,080 million), respectively, and the corresponding allowance for doubtful receivables amounted to ¥27,783 million, ¥31,537 million and ¥39,592 million ($384 million), respectively. Impairment losses (including provision for credit losses) recorded for the years ended March 31, 2013 and 2014 were ¥5,517 million and ¥19,692 million ($191 million), respectively.
The impairment loss of ¥2,255 million was recognized for trade receivables in vessel leasing transactions in the Machinery segment for the year ended March 31, 2013, predominantly due to worsened business condition of a customer.
The impairment loss of ¥11,879 ($115 million) million was recognized for loans in the Metal segment for the year ended March 31,

2014, predominantly due to the worsened financial condition impacted by a borrower and rapid fluctuations in the foreign currency market.

The following is an analysis of the age of receivables that are past due but not impaired individually at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Past due within 30 days	¥29,840	¥46,616	¥61,181	$594
Past due over 30 days through 90 days	9,360	39,404	26,232	255
Past due over 90 days through 1 year	4,799	6,609	13,411	130
Past due over 1 year	6,244	6,852	5,572	54
Total	¥50,243	¥99,481	¥106,396	$1,033

9. INVENTORIES

The breakdown of inventories at the Date of Transition, March 31, 2013 and 2014 was as follows:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Merchandise and finished goods	¥785,631	¥923,651	¥996,287	$9,673
Raw materials, work in progress and supplies	190,275	211,963	204,853	1,989
Real estate held for development and resale	104,297	53,116	86,819	843
Total	¥1,080,203	¥1,188,730	¥1,287,959	$12,505
Carrying amount of inventories carried at fair value less costs to sell included above (refer to Note 29)	¥105,598	¥155,922	¥184,408	$1,790

"Real estate held for development and resale" includes those 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, 2013 and 2014 was ¥4,700,869 million and ¥6,180,393 million ($60,004 million), respectively.

The amount of write-down of inventories recognized as expenses for the years ended March 31, 2013 and 2014 was ¥3,272 million and ¥2,105 million ($20 million), respectively.

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

As of March 31, 2013 and 2014, the Company entered into sales contracts for certain non-current assets or disposal groups. These contracts required the sale and delivery of the assets within 1 year. These non-current assets or disposal groups were classified as non-current assets or disposal groups held for sale and included in "Other current assets" and "Other current liabilities" in the consolidated statements of financial position. Non-current assets or disposal groups were recognized as held for sale at the Date of Transition. The carrying amounts of non-current assets or disposal groups held for sale as of March 31, 2013 and 2014 were as follows. Please refer to Note 29 for impaired non-current assets held for sale.

(March 31, 2013)

Non-current assets classified as held for sale

Segment	Item	Millions of Yen
Industrial Finance, Logistics & Development	Property and equipment (Aircraft)	¥12,965
	Property and equipment (Real estate)	5,445
	Investment property	15,309
	Total	¥33,719

(March 31, 2014)

Non-current assets classified as held for sale

Segment	Item	Millions of Yen	Millions of U.S. Dollars
Industrial Finance, Logistics & Development	Property and equipment (Aircraft)	¥38,341	$372
	Total	¥38,341	$372

Disposal groups classified as held for sale (Subsidiary)

Segment	Item	Millions of Yen	Millions of U.S. Dollars
Other	Trade and other receivables	¥7,861	$76
	Property and equipment (Buildings)	6,515	63
	Intangible assets (Software)	3,157	31
	Total assets	¥17,533	$170
	Trade and other payables	¥9,043	$88
	Total liabilities	¥9,043	$88

11. PROPERTY AND EQUIPMENT

The following is a breakdown of gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amounts of property and equipment at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen						
	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
(Date of Transition)							
Gross carrying amount	¥218,574	¥528,929	¥667,171	¥344,372	¥1,072,083	¥42,760	¥2,873,889
Accumulated depreciation and accumulated impairment losses	16,338	334,031	470,485	100,247	258,849		1,179,950
Carrying amount	¥202,236	¥194,898	¥196,686	¥244,125	¥813,234	¥42,760	¥1,693,939
(March 31, 2013)							
Gross carrying amount	¥230,905	¥563,065	¥749,913	¥511,566	¥1,533,040	¥73,801	¥3,662,290
Accumulated depreciation and accumulated impairment losses	17,136	347,607	539,265	128,401	358,146	8,125	1,398,680
Carrying amount	¥213,769	¥215,458	¥210,648	¥383,165	¥1,174,894	¥65,676	¥2,263,610
(March 31, 2014)							
Gross carrying amount	¥235,107	¥584,751	¥828,414	¥613,690	¥1,756,924	¥30,471	¥4,049,357
Accumulated depreciation and accumulated impairment losses	14,761	359,788	583,956	155,547	422,967	2,420	1,539,439
Carrying amount	¥220,346	¥224,963	¥244,458	¥458,143	¥1,333,957	¥28,051	¥2,509,918

	Millions of U.S. Dollars						
(March 31, 2014)	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
Gross carrying amount	$2,282	$5,677	$8,043	$5,958	$17,058	$296	$39,314
Accumulated depreciation and accumulated impairment losses	143	3,493	5,669	1,510	4,107	24	14,946
Carrying amount	$2,139	$2,184	$2,374	$4,448	$12,951	$272	$24,368

The following is a breakdown of change in the carrying amounts of property and equipment for the years ended March 31, 2013 and 2014.

(Year ended March 31, 2013)

	Millions of Yen						
Carrying amount	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
Beginning of year	¥202,236	¥194,898	¥196,686	¥244,125	¥813,234	¥42,760	¥1,693,939
Additions	4,374	19,107	28,634	130,265	301,422	100,050	583,852
Additions through business combination	13,541	18,137	11,700	28		476	43,882
Disposal or reclassification to assets held for sale	(5,207)	(6,521)	(1,975)	(28,577)	(1,631)	(80)	(43,991)
Depreciation		(17,461)	(39,853)	(27,376)	(46,464)		(131,154)
Impairment	(449)	(6,996)	(33,302)	(5,385)	(15,775)	(8,024)	(69,931)
Exchange translations	2,986	7,227	17,109	35,388	138,032	3,172	203,914
Other	(3,712)	7,067	31,649	34,697	(13,924)	(72,678)	(16,901)
End of year	¥213,769	¥215,458	¥210,648	¥383,165	¥1,174,894	¥65,676	¥2,263,610

(Note) "Other" includes transfers to/from investment property, transfers from construction in progress to other property and equipment and expensed assets arising from exploration for and evaluation of oil and gas resources.

(Year ended March 31, 2014)

	Millions of Yen						
Carrying amount	Land	Buildings and structures	Machinery and equipment	Aircraft and vessels	Mineral resources -related property	Construction in progress	Total
Beginning of year	¥213,769	¥215,458	¥210,648	¥383,165	¥1,174,894	¥65,676	¥2,263,610
Additions	1,694	17,257	39,027	93,054	254,289	80,623	485,944
Additions through business combination	4,717	7,420	8,470	1,616		400	22,623
Disposal or reclassification to assets held for sale	(1,053)	(8,711)	(2,917)	(95,485)	(2,486)	(1,664)	(112,316)
Depreciation		(19,885)	(45,684)	(32,006)	(67,720)		(165,295)
Impairment	(309)	(2,225)	(1,322)	(4,385)	(11,193)	(176)	(19,610)
Exchange translations	1,117	5,002	14,235	27,279	4,226	1,960	53,819
Other	411	10,647	22,001	84,905	(18,053)	(118,768)	(18,857)
End of year	¥220,346	¥224,963	¥244,458	¥458,143	¥1,333,957	¥28,051	¥2,509,918

	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
Beginning of year	$2,075	$2,092	$2,045	$3,720	$11,407	$638	$21,977
Additions	16	168	379	903	2,469	783	4,718
Additions through business combination	46	72	82	16		4	220
Disposal or reclassification to assets held for sale	(10)	(85)	(28)	(927)	(25)	(16)	(1,091)
Depreciation		(193)	(444)	(311)	(657)		(1,605)
Impairment	(3)	(22)	(12)	(42)	(109)	(2)	(190)
Exchange translations	11	49	138	265	41	18	522
Other	4	103	214	824	(175)	(1,153)	(183)
End of year	$2,139	$2,184	$2,374	$4,448	$12,951	$272	$24,368

(Note) "Other" includes transfers to/from investment property, transfers from construction in progress to other property and equipment and expensed assets arising from exploration for and evaluation of oil and gas resources.

Impairment losses recognized for the years ended March 31, 2013 and 2014 were applicable to the following segments:

	Millions of Yen		Millions of U.S. Dollars
Segment	2013	2014	2014
Global Environmental & Infrastructure Business	¥641		
Industrial Finance, Logistics & Development	499	¥2,809	$27
Energy Business	5,594	11,185	109
Metals	10,530	1,805	17
Machinery	11,602	1,572	15
Chemicals	234	1,215	12
Living Essentials	40,830	1,023	10
Other	1	1	
Total	¥69,931	¥19,610	$190

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

The impairment loss of property and equipment for the year ended March 31, 2013 includes an impairment loss of ¥40,540 million due to the deterioration of the future prospects of market conditions in the paper and pulp market for facilities for the paper-manufacturing-related business in North America held by a consolidated subsidiary in the Living Essentials segment, impairment loss of ¥11,601 million due to the deterioration of market conditions for vessels (including those under construction) held by the Machinery segment, and an impairment loss of ¥10,202 million due to the deterioration in the business environment surrounding mineral resources-related property held by a consolidated subsidiary in the Metals segment.

Other than the above, the impairment loss of property and equipment for the year ended March 31, 2013 includes an impairment loss due to the decline in profitability associated with the increased production costs for certain oil and gas properties held by a consolidated subsidiary in the Energy Business segment.

The impairment loss of property and equipment for the year ended March 31, 2014 includes an impairment loss of ¥11,182 million ($109 million), mainly due to withdrawal from a certain oil and gas property held by a consolidated subsidiary in the Energy Business segment.

These impairment losses are included in "Impairment losses on long-lived assets" in the consolidated statement of income. For assets that had indications that it may be impaired, impairment losses are calculated as the difference between the carrying amount of such assets and their recoverable amount. Recoverable amount of assets is measured primarily based on value in use.

The amount of reversals of impairment losses of property and equipment recognized was not material for the years ended March 31, 2013 and 2014.

The amount of contractual commitments for the acquisition of property and equipment was ¥304,765 million, ¥284,623 million and ¥97,069 million ($942 million) at the Date of Transition, March 31, 2013 and 2014, respectively.

The amount of compensation from third parties for items of property and equipment that were impaired, lost or given up that is included in net income was ¥4,988 million for the years ended March 31, 2013. The amount was not material as of March 31, 2014.

12. INVESTMENT PROPERTY

The following is a breakdown of gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amounts of investment property at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Gross carrying amount	¥198,239	¥158,540	¥143,308	$1,391
Accumulated depreciation and accumulated impairment losses	43,764	41,755	39,583	384
Carrying amount	¥154,475	¥116,785	¥103,725	$1,007

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
	2013	2014	2014
Beginning of year	¥154,475	¥116,785	$1,134
Additions	19,768	1,460	14
Additions through business combination	394	1,614	16
Disposal or reclassification to assets held for sale	(54,562)	(14,450)	(140)
Depreciation	(3,533)	(2,028)	(20)
Impairment	(1,612)	(693)	(7)
Other	1,855	1,037	10
End of year	¥116,785	¥103,725	$1,007

The fair value of investment property is as follows :

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Fair value	¥174,562	¥144,455	¥128,700	$1,250

The fair value of investment property is based on a valuation conducted by independent real estate appraisers. The valuation techniques are based on discount cash flow model or market data of current transaction prices for similar properties. The fair value is designated as Level 3 in the fair value hierarchy.

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

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Rental income	¥17,540	¥12,778	$124
Fixed property taxes and other direct operating expenses arising from investment property which generate rental income	11,501	8,296	81
Fixed property taxes and other direct operating expenses arising from investment property that did not generate rental income	102	120	1
Impairment losses	1,612	693	7

Impairment losses are included in "Impairment losses on long-lived assets" in the consolidated statement of income.

The amount of acquisitions of investment property for which a contract had been concluded but not executed was ¥3,080 million as of March 31, 2013. The amount was not material at the Date of Transition and March 31, 2014 respectively.

13. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

The following is a breakdown of gross carrying amount, accumulated amortization and accumulated impairment losses, and carrying amounts of intangible assets at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen						
	Software	Manufacturing, sales and service licenses and trademarks	Intellectual properties related to feasibility studies	Customer relationships	Trade names	Other	Total
Date of Transition:							
Gross carrying amount	¥122,748	¥28,525	¥14,895	¥11,330	¥13,908	¥12,815	¥204,221
Accumulated amortization and accumulated impairment losses	70,438	18,925		1,736	4,971	4,715	100,785
Carrying amount	¥52,310	¥9,600	¥14,895	¥9,594	¥8,937	¥8,100	¥103,436
Year ended March 31, 2013:							
Gross carrying amount	¥138,681	¥31,458	¥17,118	¥13,032	¥17,099	¥11,785	¥229,173
Accumulated amortization and accumulated impairment losses	75,851	21,575		2,679	5,795	3,549	109,449
Carrying amount	¥62,830	¥9,883	¥17,118	¥10,353	¥11,304	¥8,236	¥119,724
Year ended March 31, 2014:							
Gross carrying amount	¥139,557	¥34,867	¥16,639	¥20,475	¥19,167	¥13,856	¥244,561
Accumulated amortization and accumulated impairment losses	74,246	25,542		3,398	6,184	3,997	113,367
Carrying amount	¥65,311	¥9,325	¥16,639	¥17,077	¥12,983	¥9,859	¥131,194

	Millions of U.S. Dollars						
March 31, 2014	Software	Manufacturing, sales and service licenses and trademarks	Intellectual properties related to feasibility studies	Customer relationships	Trade names	Other	Total
Gross carrying amount	$1,355	$339	$162	$199	$186	$134	$2,375
Accumulated amortization and accumulated impairment losses	721	248		33	60	39	1,101
Carrying amount	$634	$91	$162	$166	$126	$95	$1,274

The following is a breakdown of the changes in the carrying amount of intangible assets for the years ended March 31, 2013 and 2014.

	Millions of Yen						
March 31, 2013	Software	Manufacturing, sales and service licenses and trademarks	Intellectual properties related to feasibility studies	Customer relationships	Trade names	Other	Total
Beginning of year	¥52,310	¥9,600	¥14,895	¥9,594	¥8,937	¥8,100	¥103,436
Additions	23,838	478		176	1,058	897	26,447
Additions through business combination	920	291			1,219	440	2,870
Disposal or reclassification to assets held for sale	(442)	(3)			(19)	(147)	(611)
Amortization	(14,495)	(690)		(887)	(802)	(500)	(17,374)
Impairment	(57)					(477)	(534)
Exchange translations	788	449	2,223	1,291	873	803	6,427
Other	(32)	(242)		179	38	(880)	(937)
End of year	¥62,830	¥9,883	¥17,118	¥10,353	¥11,304	¥8,236	¥119,724

	Millions of Yen						
March 31, 2014	Software	Manufacturing, sales and service licenses and trademarks	Intellectual properties related to feasibility studies	Customer relationships	Trade names	Other	Total
Beginning of year	¥62,830	¥9,883	¥17,118	¥10,353	¥11,304	¥8,236	¥119,724
Additions	19,632	45		472	529	1,836	22,514
Additions through business combination	411			7,190		205	7,806
Disposal or reclassification to assets held for sale	(3,647)	(2)			(10)	(196)	(3,855)
Amortization	(14,128)	(655)		(304)	(924)	(1,260)	(17,271)
Impairment	(92)				(91)	(108)	(291)
Exchange translations	145	628	(479)	(185)	1,610	638	2,357
Other	160	(574)		(449)	565	508	(210)
End of year	¥65,311	¥9,325	¥16,639	¥17,077	¥12,983	¥9,859	¥131,194

	Millions of U.S. Dollars							
March 31, 2014	Software	Manufacturing, sales and service licenses and trademarks	Intellectual properties related to feasibility studies	Customer relationships	Trade names	Other	Total
Beginning of year	$610	$96	$166	$101	$110	$79	$1,162
Additions	191			5	5	18	219
Additions through business combination	4			70		2	76
Disposal or reclassification to assets held for sale	(35)					(2)	(37)
Amortization	(137)	(6)		(3)	(9)	(13)	(168)
Impairment	(1)				(1)	(1)	(3)
Exchange translations	1	6	(4)	(2)	16	6	23
Other	1	(5)		(5)	5	6	2
End of year	$634	$91	$162	$166	$126	$95	$1,274

The Company does not amortize intangible assets with indefinite useful lives such as trade names and rights to use land, given that term of the contract is not set out and it is possible to sustain the value of rights at a small cost.

At the Date of Transition, March 31, 2013 and 2014, the carrying amounts of intangible assets with indefinite useful lives were as follows.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Trade names	¥4,473	¥4,714	¥4,797	$47
Rights to use land	2,870	3,313	4,689	46
Other	3,326	3,405	3,607	34
Total	¥10,669	¥11,432	¥13,093	$127

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

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

Internally generated intangible assets are primarily software, the carrying amounts of which were ¥14,800 million, ¥24,851 million and ¥27,261 million ($265 million) at the Date of Transition, March 31, 2013 and 2014, respectively.

The amount of contractual commitments for the acquisition of intangible assets was not material at the Date of Transition, March 31, 2013 and 2014, respectively.

Research and development costs recognized in net income amounted to ¥5,367 million and ¥6,886 million ($67 million) for the years ended March 31, 2013 and 2014, respectively.

Goodwill

The following is a breakdown of the change in goodwill for the years ended March 31, 2013 and 2014.

	Millions of Yen		
March 31, 2013	Cost	Accumulated impairment losses	Carrying amount
Beginning of year	¥63,797	¥(3,299)	¥60,498
Additions by business combinations	3,003		3,003
Impairment			
Disposal	(383)		(383)
Exchange translations	2,232		2,232
Other	(4,491)		(4,491)
End of year	¥64,158	¥(3,299)	¥60,859

	Millions of Yen		
March 31, 2014	Cost	Accumulated impairment losses	Carrying amount
Beginning of year	¥64,158	¥(3,299)	¥60,859
Additions by business combinations	20,857		20,857
Impairment		(1,045)	(1,045)
Disposal	(334)		(334)
Exchange translations	2,888		2,888
Other	(690)		(690)
End of year	¥86,879	¥(4,344)	¥82,535

	Millions of U.S. Dollars		
March 31, 2014	Cost	Accumulated impairment losses	Carrying amount
Beginning of year	$623	$(32)	$591
Additions by business combinations	202		202
Impairment		(10)	(10)
Disposal	(3)		(3)
Exchange translations	28		28
Other	(7)		(7)
End of year	$843	$(42)	$801

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

14. EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

The following table presents the carrying amounts of assets arising from exploration for and evaluation of mineral resources at the Date of Transition, March 31, 2013 and 2014.

Carrying amount	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Assets arising from exploration for and evaluation of mineral resources	¥193,557	¥236,671	¥234,885	$2,280

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, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Expenses arising from exploration for and evaluation of mineral resources	¥32,662	¥30,672	$298
Net cash used in operating activities arising from exploration for and evaluation of mineral resources	12,724	8,663	84
Net cash used in investing activities arising from exploration for and evaluation of mineral resources	35,552	27,557	268

*"Expenses arising from exploration for and evaluation of mineral resources" are recognized in "Impairment losses on long-lived assets" and "Other income (expense) - net" in the consolidated statement of income.

15. PLEDGED ASSETS

The following is a breakdown of the carrying amounts of assets pledged as collateral for loans, guarantees of contracts and others at the Date of Transition, March 31, 2013 and 2014.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Trade and other receivables (current and non-current)	¥58,025	¥68,620	¥81,504	$791
Other investments (current and non-current)	161,937	212,262	236,221	2,293
Property and equipment (net of accumulated depreciation and accumulated impairment losses)	98,401	110,822	136,051	1,321
Investment property (net of accumulated depreciation and accumulated impairment losses)	99,804	73,543	71,596	695
Inventories	18,781	1,073	42,416	412
Other	2,290	18,315	4,925	48
Total	¥439,238	¥484,635	¥572,713	$5,560

"Other investments" above includes shares pledged as collateral by the Company in relation to project financing in which an affiliated company or unaffiliated company 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.

16. BORROWINGS

Borrowings (current liabilities) at the Date of Transition, March 31, 2013 and 2014 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Bank loans —1.6% as of March 31, 2014	¥731,329	¥590,193	¥666,850	$6,474
Commercial paper —0.2% as of March 31, 2014	155,102	209,790	173,082	1,680
Borrowings with current maturities	435,221	590,976	542,048	5,263
Total	¥1,321,652	¥1,390,959	¥1,381,980	$13,417

The interest rates represent weighted average rates on outstanding balances at March 31, 2014.

Borrowings (non-current liabilities) at the Date of Transition, March 31, 2013 and 2014 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Non-current liabilities with collateral				
Banks and other financial institutions, maturing thorough to 2034 —principally 0% to 1.9% as of March 31, 2014	¥114,593	¥97,149	¥93,548	$908
Banks and other financial institutions, maturing thorough to 2023 (payable in foreign currencies) —principally 0% to 4.9% as of March 31, 2014	17,330	49,847	87,211	847
Japanese yen bonds (floating rate 0.4% to 2.3%, due 2014-2018 as of March 31, 2014)	580	200	180	2
Foreign currency bonds (fixed rate 6.1%, due 2021 as of March 31, 2014)	4,513	4,643	5,155	50
Total	¥137,016	¥151,839	¥186,094	$1,807
Non-current liabilities without collateral:				
Banks and other financial institutions, maturing thorough to 2034 —principally 0% to 1.9% as of March 31, 2014	2,364,934	2,398,292	2,354,366	22,858
Banks and other financial institutions, maturing thorough to 2032 (payable in foreign currencies) —principally 0% to 3.9% as of March 31, 2014	529,448	1,218,590	1,478,300	14,352
Japanese yen callable bonds (adjustable fixed rate 0.9%, due 2015 as of March 31, 2014)	10,000	10,000	10,000	97
Japanese yen bonds				
(floating rate 0.0% to 2.1%, due 2015-2021 as of March 31, 2014)	217,644	217,695	128,594	1,249
(fixed rate 0.3% to 3.2%, due 2014-2028 as of March 31, 2014)	668,740	694,772	683,656	6,637
U.S. dollar bonds				
(floating rate 0.5% to 1.0%, due 2015-2019 as of March 31, 2014)	1,999	5,635	10,283	100
(fixed rate 1.8% to 3.1%, due 2014-2018 as of March 31, 2014)	123,471	212,643	284,217	2,759
New Zealand dollar bonds (3.9%, due 2017 as of March 31, 2014)		787	893	9
Australian dollar bonds (4.8%, due 2018 as of March 31, 2014)	1,705		28,235	274
Brazilian real bonds (9.8%, due 2014 as of March 31, 2014)			81	1
Commercial paper (payable in Japanese yen)	75,000	95,000		
Total	¥3,992,941	¥4,853,414	¥4,978,625	$48,336
Total non-current liabilities	¥4,129,957	¥5,005,253	¥5,164,719	$50,143
Add adjustments to fair value under fair value hedge accounting	65,365	84,406	71,184	691
Total	¥4,195,322	¥5,089,659	¥5,235,903	$50,834
Less current maturities	(435,221)	(590,976)	(542,048)	(5,263)
Borrowings (non-current liabilities)	¥3,760,101	¥4,498,683	¥4,693,855	$45,571

Related information such as lines of credit, financial covenants and breakdown by due date is stated in "Liquidity risk management" of Note 32.

17. TRADE AND OTHER PAYABLES

The following is a breakdown of the carrying amounts of "Trade and other payables" at the Date of Transition, March 31, 2013 and 2014.

Classification	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Current trade and other payables				
Notes and acceptances payable-trade	¥207,615	¥201,425	¥200,034	$1,942
Accounts payable-trade and other payables	2,373,320	2,523,957	2,480,920	24,087
(Amount not expected to be settled within 1 year included within the above account)	36,211	28,887	22,855	222
Total current trade and other payables	¥2,580,935	¥2,725,382	¥2,680,954	$26,029
Total non-current trade and other payables	¥78,535	¥77,861	¥91,361	$887

18. 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.

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 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, 2013 and 2014 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Change in present value of obligations under defined benefit pension plans:			
Present value of obligations under defined benefit pension plans at beginning of year	¥448,248	¥514,831	$4,998
Service cost	12,715	15,254	148
Interest cost	10,872	8,920	87
Employee contributions	194	247	2
Plan amendments	1,601	143	1
Actuarial loss*	53,540	7,981	77
Benefits paid	(20,532)	(21,339)	(207)
Settlements and curtailments	(2,468)	(2,609)	(25)
Acquisitions/divestitures and other—net	5,337	7,037	69
Exchange translations	5,324	9,081	88
Present value of obligations under defined benefit pension plans at end of year	514,831	539,546	5,238
Change in plan assets:			
Fair value of plan assets at beginning of year	427,487	483,938	4,698
Interest income	11,210	9,439	92
Income from plan assets other than interest	30,220	30,437	296
Employer contributions	26,042	13,554	132
Employee contributions	194	247	2
Benefits paid	(16,130)	(16,748)	(163)
Settlements	(2,494)	(2,609)	(25)
Acquisitions/divestitures and other—net	2,978	3,323	32
Exchange translations	4,431	8,539	83
Fair value of plan assets at end of year	483,938	530,120	5,147
Effect of the asset ceiling	582	606	6
Net amount (liabilities) recorded in consolidated statement of financial position	¥31,475	¥10,032	$97

* 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

A breakdown of the Company's plan assets at the Date of Transition, March 31, 2013 and 2014 was as follows:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Plan assets that have a quoted market price in an active market				
Equity instruments*1:				
Japanese equity securities	¥110,507	¥131,637	¥140,483	$1,364
Global equity securities	5,051	6,726	9,329	91
Debt instruments*2:				
Global debt securities	6,169	8,239	1,846	18
Total	121,727	146,602	151,658	1,473
Plan assets that do not have a quoted market price in an active market				
Equity instruments*1:				
Japanese equity securities	16,942	18,778	21,725	211
Global equity securities	40,499	50,348	58,070	564
Debt instruments*2:				
Japanese debt securities	84,706	7,402	8,893	86
Global debt securities	82,367	126,722	176,754	1,716
Hedge funds	16,326	13,496	16,797	163
Private equity funds	5,192	4,588	4,691	46
Real estate funds	3,424	2,005	3,795	37
Life insurance company accounts*3	17,516	25,072	30,417	295
Cash and cash equivalents	31,814	80,895	49,293	479
Other assets*4	6,974	8,030	8,027	77
Total	305,760	337,336	378,462	3,674
Total plan assets	¥427,487	¥483,938	¥530,120	$5,147

*1. Japanese securities and global securities include the form of fund units. Global securities include a mixture of Japanese and non-Japanese securities which are held in the form of fund units.

*2. Japanese debt securities and global debt securities include the form of fund units. Global debt securities include a mixture of Japanese and non-Japanese debt securities which are held in the form of fund units.

*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 collateralized loan obligation funds and infrastructure funds.

Significant actuarial assumptions

The weighted average assumptions used to measure the present value of the defined benefit obligation at the Date of Transition, March 31, 2013 and 2014 were as follows:

	Date of Transition	2013	2014
Discount rate	2.6%	1.8%	1.9%
Rate of increase in future compensation levels	2.6	2.6	2.7

Analysis of sensitivity to significant actuarial assumptions

As of March 31 2014, 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 ¥28,456 million ($276 million). This analysis assumes that all other variables remain fixed, however, in fact, 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 an amount deductible for income tax purposes.

The Company expects to contribute approximately ¥7,000 million ($68 million) to its defined benefit pension plans during the year ending March 31, 2015.

Estimated future benefit payments

Estimated future benefit payments are as follows:

	Millions of Yen	Millions of U.S. Dollars
Years ending March 31:		
2015	¥24,127	$234
2016	24,384	237
2017	26,244	255
2018	26,054	253
2019	26,256	255
2020 through 2024	129,704	1,259

Defined contribution plans

The Parent and certain subsidiaries have defined contribution plans. The expenses related to these defined contribution plans were ¥3,378 million and ¥4,504 million ($44 million) for the years ended March 31, 2013 and 2014, respectively.

Employee benefits expense

The amount of employee benefits expense included in the consolidated statement of income was ¥473,986 million and ¥518,770 million ($5,037 million) for the year ended March 31, 2013 and 2014, respectively.

19. PROVISIONS

Provisions are included in "Other current liabilities" and "Other non-current liabilities" in the consolidated statement of financial position.

The changes in provisions for the years ended March 31, 2013 and 2014 were as follows:

(Year ended March 31, 2013)

	Millions of Yen					
	Balance at beginning of year	Provisions made	Provisions used	Accretion expense	Other*	Balance at end of year
Provision for decommissioning and restoration	¥70,781	¥13,365	¥(2,477)	¥4,061	¥8,052	¥93,782
Provision for environmental measures	1,909		(9)			1,900
Other	2,310	6,609	(787)		416	8,548

(Year ended March 31, 2014)

	Millions of Yen					
	Balance at beginning of year	Provisions made	Provisions used	Accretion expense	Other*	Balance at end of year
Provision for decommissioning and restoration	¥93,782	¥14,764	¥(1,924)	¥5,038	¥1,125	¥112,785
Provision for environmental measures	1,900	8,984	(8)			10,876
Other	8,548	8,255	(4,039)		(87)	12,677

(Year ended March 31, 2014)

	Millions of U.S. Dollars					
	Balance at beginning of year	Provisions made	Provisions used	Accretion expense	Other*	Balance at end of year
Provision for decommissioning and restoration	$911	$143	$(19)	$49	$11	$1,095
Provision for environmental measures	19	87				106
Other	83	80	(39)		(1)	123

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

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 outflow related to the provision is expected to be paid over periods of up to 40 years, but is inherently difficult to predict and is affected by future business plans and other circumstances.

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 outflow related to the provision is affected by future business plans and other circumstances.

Other

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

20. SHAREHOLDERS' 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 is able to be incorporated into additional paid-in capital.

The total number of common stocks authorized to be issued at the Date of Transition, March 31, 2013 and 2014 was as follows:

	Date of Transition (Number of shares)	2013 (Number of shares)	2014 (Number of shares)
Ordinary stock (no-par stock)	2,500,000,000	2,500,000,000	2,500,000,000

The change in the total number of issued stocks for the years ended March 31, 2013 and 2014 was as follows:

	2013 (Number of shares)	2014 (Number of shares)
Balance, beginning of year	1,653,505,751	1,653,505,751
Change during the year		
Balance, end of year	1,653,505,751	1,653,505,751

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 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, it was approved that the Parent amended 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 affiliated companies was 7,332,832 shares, 6,347,756 shares and 4,964,444 shares at the Date of Transition, March 31, 2013 and 2014, respectively.

Dividends

Under the Companies Act, the total amount for 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 ¥1,849,848 million ($17,960 million) as of March 31, 2014. The distributable amount may change up to the effective date of the distribution of dividends due to its acquisition of own shares etc.

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, 2013 and 2014 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 26, 2012	Ordinary shares	¥54,333	¥33	March 31, 2012	June 27, 2012		
Board of Directors' meeting held on November 2, 2012	Ordinary shares	41,170	25	September 30, 2012	December 3, 2012		
Ordinary general meeting of shareholders held on June 21, 2013	Ordinary shares	49,420	30	March 31, 2013	June 24, 2013	$480	$0.29
Board of Directors' meeting held on November 1, 2013	Ordinary shares	49,442	30	September 30, 2013	December 2, 2013	480	0.29

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 20, 2014	Ordinary shares	¥62,647	Retained earnings	¥38	March 31, 2014	June 23, 2014	$608	$0.37

Management of capital

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

The Company's basic capital policy is to sustain growth and maximize corporate value through enhancing its earning 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 from the net interest-bearing liabilities (cash and cash equivalents, time deposits deducted) and the total equity attributable to owners of the Parent.

The net debt-to-equity ratio at the Date of Transition, March 31, 2013 and 2014 was as follows.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Interest-bearing liabilities	¥5,081,753	¥5,889,642	¥6,075,835	$58,989
Cash and cash equivalents, time deposits	1,370,996	1,469,574	1,474,741	14,318
Net interest-bearing liabilities	3,710,757	4,420,068	4,601,094	44,671
Total equity attributable to owners of the Parent	3,773,471	4,517,107	5,067,666	49,201
Net debt-to-equity ratio (multiple)	1.0	1.0	0.9	

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

21. 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, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Other investments designated as FVTOCI:			
Balance, beginning of year	¥546,707	¥686,859	$6,669
Other comprehensive income attributable to owners of the Parent	160,127	(9,168)	(89)
Transfer to retained earnings	(19,975)	(52,540)	(510)
Balance, end of year	¥686,859	¥625,151	$6,070
Remeasurement of defined benefit pension plans:			
Balance, beginning of year			
Other comprehensive income attributable to owners of the Parent	¥(15,622)	¥17,294	$168
Transfer to retained earnings	15,622	(17,294)	(168)
Balance, end of year			
Cash flow hedges:			
Balance, beginning of year	¥(10,155)	¥(6,978)	$(68)
Other comprehensive income attributable to owners of the Parent	3,177	2,859	28
Balance, end of year	¥(6,978)	¥(4,119)	$(40)
Exchange differences on translating foreign operations:			
Balance, beginning of year		¥366,714	$3,560
Other comprehensive income attributable to owners of the Parent	¥366,714	271,506	2,636
Balance, end of year	¥366,714	¥638,220	$6,196
Total other components of equity			
Balance, beginning of year	¥536,552	¥1,046,595	$10,161
Other comprehensive income attributable to owners of the Parent	514,396	282,491	2,743
Transfer to retained earnings	(4,353)	(69,834)	(678)
Balance, end of year	¥1,046,595	¥1,259,252	$12,226

The following is a breakdown of "Other comprehensive income attributable to non-controlling interest"(net of tax) for the years ended March 31, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Gains on other investments designated as FVTOCI	¥7,632	¥6,718	$65
Remeasurement of defined benefit pension plans	(354)	588	6
Cash flow hedges	(635)	396	4
Exchange differences on translating foreign operations	11,202	6,771	66
Total	¥17,845	¥14,473	$141

The following is a breakdown of "Other comprehensive income" (including that attributable to non-controlling interests) for the years ended March 31, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Other comprehensive income			
Items that will not be reclassified to net income			
Gains (losses) on other investments designated as FVTOCI			
Gains (losses) during the year	¥263,243	¥(7,537)	$(73)
Income tax benefit (expense)	(95,484)	5,087	49
Total	167,759	(2,450)	(24)
Remeasurement of defined benefit pension plans			
Gains (losses) during the year	(24,083)	26,304	256
Income tax benefit (expense)	8,107	(8,422)	(82)
Total	(15,976)	17,882	174
Items that may be reclassified to net income			
Cash flow hedges			
Net unrealized gains (losses) during the year	8,133	(15,738)	(153)
Reclassification adjustments to net income	(3,311)	17,478	170
Net change during the year	4,822	1,740	17
Income tax benefit (expense)	(2,280)	1,515	14
Total	2,542	3,255	31
Exchange differences on translating foreign operations			
Translation adjustments during the year	367,614	280,871	2,727
Reclassification adjustments to net income	56	(2,046)	(20)
Net change during the year	367,670	278,825	2,707
Income tax benefit (expense)	10,246	(548)	(5)
Total	377,916	278,277	2,702
Total other comprehensive income	¥532,241	¥296,964	$2,883

22. SHARE-BASED REMUNERATION

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

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

Under the Class A plan, 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 two years from the grant date, and exercisable periods are eight years from the vesting day.

Under the Class B plan, 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.

The stock option plans resolved by the Board of Directors' meetings held on or after July 2007.

Under the unified plan, 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 two years from the grant date or the day after leaving their position as both director and executive officer 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 both director and executive officer of the Parent. 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.

The total share-based remuneration cost recognized for the years ended March 31, 2013 and 2014 was ¥1,006 million, and ¥1,322 million ($13 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, 2013 and 2014 was ¥1,042 and ¥1,475 ($14.32) per share, respectively.

The fair value of these stock options is estimated using the Black-Scholes option pricing model with 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 having a remaining life equal to the option's expected life. Expected volatilities are based on the historical volatility of the Parent's stock for the period equal to the option's expected life from the grant date. The expected dividend yield is based on the actual dividends made in the preceding year. Expected life represents the period of time that the options granted are expected to be outstanding.

	2013	2014
Risk-free interest rate	0.67%–0.72%	0.50%–0.79%
Expected volatility	39.21%–39.60%	38.38%–40.86%
Expected dividend yield	4.21%–4.39%	2.89%–3.10%
Expected life	9–9.25 years	7–9.60 years
Stock price at the measurement date	¥1,480–1,545	¥1,777–1,902

The following table summarizes information about stock option activities for the years ended March 31, 2013 and 2014.

	2013		2014		
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	
		Yen		Yen	U.S. Dollars
Outstanding at beginning of year	5,609,100	¥881	5,653,400	¥797	$7.7
Granted	970,000	1	920,100	1	
Canceled or expired	(8,400)	1	(23,500)	1	
Exercised	(917,300)	472	(1,270,000)	417	4.0
Outstanding at end of year	5,653,400	797	5,280,000	754	7.3
Exercisable at end of year	4,165,400	1,082	3,832,300	1,038	10.1

The weighted-average stock price at the time when stock options were exercised during the years ended March 31, 2013 and 2014 was ¥1,705 and ¥1,884 ($18.29), respectively.

The following table summarizes information for options outstanding and exercisable at March 31, 2013 and 2014.

March 31, 2013	Outstanding			Exercisable		
Exercise price range (Yen)	¥1	958 to 1,691	2,435	¥1	958 to 1,691	2,435
Number of shares	3,479,500	856,500	1,317,400	1,991,500	856,500	1,317,400
Weighted average remaining life (Years)	22.3	1.9	3.3	17.9	1.9	3.3

March 31, 2014	Outstanding			Exercisable		
Exercise price range (Yen)	¥1	1,090 to 1,691	2,435	¥1	1,090 to 1,691	2,435
Number of shares	3,501,800	460,800	1,317,400	2,054,100	460,800	1,317,400
Weighted average remaining life (Years)	21.2	1.2	2.3	16.3	1.2	2.3

23. REVENUES

The following is a breakdown of "Revenues" for the years ended March 31, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Revenues from the sale of goods	¥5,009,390	¥6,634,114	$64,409
Revenues from the rendering of services and others	1,000,497	1,001,054	9,719
Total	¥6,009,887	¥7,635,168	$74,128

24. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following is a breakdown of "Selling, general and administrative expenses" for the years ended March 31, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Employee benefit expenses	¥376,430	¥406,238	$3,944
Transportation and warehousing expenses	126,148	126,293	1,226
Equipment expenses	98,719	106,948	1,038
Office expenses	63,133	64,310	625
Outsourcing expenses	58,278	69,210	672
Others	163,204	179,899	1,747
Total	¥885,912	¥952,898	$9,252

25. INCOME AND EXPENSES PERTAINING TO FINANCIAL INSTRUMENTS

The following is a breakdown of gain on investments, finance income and finance costs for the years ended March 31, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
Classification	2013	2014	2014
Gains on investments			
Financial assets measured at FVTPL	¥9,467	¥31,588	$307
Others	2,849	14,747	143
Total gains on investments	¥12,316	¥46,335	$450
Finance income			
Interest income			
Financial assets measured at amortized cost	17,359	20,275	197
Financial assets measured at FVTPL	6,137	12,214	119
Total interest income	¥23,496	¥32,489	$316
Dividend income			
Financial assets measured at FVTOCI	129,543	164,742	1,599
Total dividend income	¥129,543	¥164,742	$1,599
Total finance income	¥153,039	¥197,231	$1,915
Finance costs			
Interest expense			
Financial liabilities measured at amortized cost	21,776	25,487	247
Others	5,146	6,241	61
Total finance costs	¥26,922	¥31,728	$308

In addition to the above, net losses of ¥4,619 million and net gains of ¥25,083 million ($244 million) in "Revenues / Costs of revenues", and net gains of ¥33,206 million and ¥4,868 million ($47 million) in "Other income (expense) - net" were caused by the derivatives not designated as hedging instruments, for the years ended March 31, 2013 and 2014, respectively. Please refer to Note 31 for gains and losses on hedges.

Furthermore, for the years ended March 31, 2013 and 2014, interest income from financial assets measured at amortized cost amounted to ¥13,307 million and ¥13,234 million ($128 million), respectively, and interest expense pertaining to financial liabilities measured at amortized cost amounted to ¥18,875 million and ¥22,374 million ($217 million), respectively. These incomes and expenses were included primarily in "Revenues / Costs of revenues".

Any borrowing costs are capitalized where the debts are directly attributable to the acquisitions of property and equipment. The borrowing costs from general borrowings are also capitalized to the extent that the costs are spent for the acquisitions of property and equipment. Capitalized borrowing costs were ¥7,479 million and ¥9,359 million ($91 million) for the years ended March 31, 2013 and 2014, respectively.

26. OTHER INCOME (EXPENSE) - NET

The following is a breakdown of "Other income (expense) - net "for the years ended March 31, 2013 and 2014.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Net foreign exchange losses	¥(117)	¥(44,064)	$(428)
Exploration costs	(22,297)	(23,028)	(224)
Insurance recovery gains	24,748		
Bargain purchase gains from the acquisition	21,479		
Miscellaneous	8,492	298	3
Total	¥32,305	¥(66,794)	$(649)

*"Net foreign exchange losses "includes gains and losses relating to foreign exchange derivative contracts.

27. 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 38%. New corporate tax law of "Partial revision of income tax law, etc." was enacted on March 31, 2014. "Special reconstruction corporate tax" under the "Act on special measures to reconstruction funding after the Great East Japan Earthquake" was repealed a year in advance and as a result, the statutory income tax rate will be reduced to approximately 36% from the fiscal year ended March 31, 2015. Adjustment of deferred tax assets and liabilities in relation to enactment of the tax law was not material.
Foreign subsidiaries are subject to income taxes of the countries in which they operate.

Income taxes for the years ended March 31, 2013 and 2014 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Current tax	¥107,673	¥118,935	$1,155
Deferred tax	(8,571)	26,660	259
Income taxes	99,102	145,595	1,414
Income taxes recognized in other comprehensive income	79,411	2,368	23
Total	¥178,513	¥147,963	$1,437

A reconciliation of the combined statutory income tax rates for the years ended March 31, 2013 and 2014 to the effective income tax rates on income before income taxes reflected in the accompanying consolidated statement of income was as follows:

	2013	2014
Combined statutory income tax rate	38.0%	38.0%
Effect of income from investments accounted for using the equity method	(12.9)	(11.2)
Expenses not deductible for income tax purposes	0.8	0.9
Effect of the recoverability of deferred tax assets	1.4	3.5
Tax benefits recognized for accumulated losses of certain subsidiaries	(0.1)	(0.2)
Lower income tax rates in certain foreign countries	(2.4)	(3.9)
Effect of taxation on dividends	(0.1)	(1.3)
Other-net	(2.3)	1.6
Effective income tax rate on income before income taxes in the consolidated statement of income	22.4%	27.4%

Significant components of deferred tax assets and liabilities at the Date of Transition, March 31, 2013 and 2014 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Assets:				
Allowance for doubtful receivables	¥9,812	¥8,578	¥19,588	$190
Accrued pension and retirement benefits	24,628	27,918	21,577	210
Property and equipment, Investment property and Intangible assets	28,872	44,562	31,040	301
Short-term investments and Other investments	59,476	54,368	33,955	330
Net operating loss carry forwards	25,146	47,107	51,101	496
Other accrued expenses	43,385	50,565	63,570	617
Other	42,444	74,660	96,039	932
Gross deferred tax assets	233,763	307,758	316,870	3,076
Liabilities:				
Short-term investments and Other investments	390,544	472,944	417,210	4,050
Property and equipment, Investment property and Intangible assets	151,131	158,132	174,299	1,692
Investments accounted for using the equity method	28,181	56,199	98,196	953
Other	30,423	45,101	43,734	425
Gross deferred tax liabilities	600,279	732,376	733,439	7,120
Net deferred tax liabilities	¥(366,516)	¥(424,618)	¥(416,569)	$(4,044)

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 the Date of Transition, March 31, 2013 and 2014, 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 ¥1,027,170 million, ¥1,165,745 million and ¥1,214,432 million ($11,791 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 the Date of Transition, March 31, 2013 and 2014 expire as follows:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Not later than 1 year	¥4,870	¥3,393	¥3,183	$31
Later than 1 year and not later than 2 years	5,584	5,585	1,549	15
Later than 2 years and not later than 3 years	5,172	2,577	6,091	59
Later than 3 years and not later than 4 years	4,698	1,214	3,630	35
Later than 4 years and not later than 5 years	4,992	6,589	4,502	44
Later than 5 years and not later than 10 years	27,616	31,388	33,795	328
Later than 10 years and not later than 15 years	1,019	1,131	1,586	16
Later than 15 years	25,575	25,550	48,920	475
Unlimited	98,514	118,912	139,826	1,357
Total	¥178,040	¥196,339	¥243,082	$2,360

Under the Minerals Resource Rent Tax Act 2012 (MRRT) in Australia, the Company is liable to pay taxes equal to the sum of its MRRT liabilities on mining profits made from extractive taxable resources for a mining project interest for a year. Mining profit consists of mining revenue less mining expenditure, and is also reduced by allowances. One of the allowances is the starting base allowance. MRRT requires entities to remeasure the tax basis of the starting base assets, consisting of property or a legal or equitable relating to a mining project interest, and allows entities to elect the market value approach. To determine the amount of starting base assets, the Company elected the market value approach, resulting in a temporary difference between the accounting and tax basis of the relative assets. The starting base assets at fair value are depreciated or amortized as deductible allowance from mining profit in the future years as the starting base allowance. However, the Company viewed that it was probable that the starting base allowance could not be utilized in foreseeable future because the MRRT also set out royalty and other allowances which are preferentially applied to the starting base allowance, therefore, the Company did not recognize deferred tax assets for all of the temporary difference. The amount of the deductible temporary difference on MRRT, for which no deferred tax asset is recognized, was ¥1,028,527 million, ¥1,412,083 million and ¥1,413,448 million ($13,723 million), at the Date of Transition, March 31, 2013 and 2014, respectively, which is not included in the table above. The amount of corresponding deferred tax asset not recognized in the consolidated statement of financial positions was ¥161,993 million, ¥222,403 million and ¥222,618 million ($2,161 million), at the Date of Transition, March 31, 2013 and 2014, respectively.

The Company recognized assets or liabilities for the effect of uncertainty in income taxes based on a reasonable estimate.

The amount of unrecognized tax benefits at the Date of Transition that would affect the effective tax rate, if recognized, was ¥4,481 million ($44 million). For the years ended March 31, 2013 and 2014, the amounts were not material.

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

28. EARNINGS PER SHARE

Reconciliations of the basic and diluted net income attributable to owners of the Parent per share are as follows:

			U.S. Dollars
	2013	2014	2014
Net income attributable to owners of the Parent per share (Yen)			
Basic	¥196.45	¥219.30	$2.13
Diluted	196.02	218.80	2.12

			Millions of U.S. Dollars
	2013	2014	2014
Numerator (Millions of Yen):			
Net income attributable to owners of the Parent	¥323,457	¥361,359	$3,508
Denominator (Thousands of shares):			
Basic weighted average common shares outstanding	1,646,519	1,647,786	
Effect of dilutive securities:			
Stock options	3,637	3,794	
Diluted outstanding shares	1,650,157	1,651,581	

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 antidilutive for the years presented are as follows:

(Year ended March 31, 2013)

Grant date	August 10, 2005	August 10, 2006
Number of stock acquisition rights	6,115	13,174
Class and number of shares to be issued for the purpose of issuing stock acquisition rights	611,500 shares of Mitsubishi Corporation's common stock	1,317,400 shares of Mitsubishi Corporation's common stock
Issue price of stock acquisition rights	Issued in gratis	Issued in gratis
Price per share due upon exercise of stock acquisition rights (Yen)	1,691	2,435
Exercise period	From June 25, 2007 Through June 24, 2015	From July 22, 2008 Through June 27, 2016

(Year ended March 31, 2014)

Grant date	August 10, 2006
Number of stock acquisition rights	13,174
Class and number of shares to be issued for the purpose of issuing stock acquisition rights	1,317,400 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

29. 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 the Date of Transition, March 31, 2013 and 2014.

(Date of Transition)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥402,568				¥402,568
Short-term investments and other investments					
Financial assets measured at FVTPL	1,322	¥7,000	¥110,311		118,633
Financial assets measured at FVTOCI	914,399	2,402	1,318,720		2,235,521
Trade and other receivables (FVTPL)			35,125		35,125
Derivatives	11,413	280,414	1,468	¥(120,910)	172,385
Inventories and other current assets	948	242,504			243,452
Total assets	¥1,330,650	¥532,320	¥1,465,624	¥(120,910)	¥3,207,684
Liabilities					
Derivatives	12,039	223,755	1,444	(120,910)	116,328
Total liabilities	¥12,039	¥223,755	¥1,444	¥(120,910)	¥116,328

* "Derivatives" are recognized in "Other financial assets" ,"Other current assets", "Other financial liabilities" or "Other current liabilities" in the consolidated statement of financial position.

(March 31, 2013)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥414,989				¥414,989
Short-term investments and other investments					
Financial assets measured at FVTPL	5	¥9,499	¥110,267		119,771
Financial assets measured at FVTOCI	1,017,302	686	1,003,757		2,021,745
Trade and other receivables (FVTPL)			85,221		85,221
Derivatives	17,825	394,217	616	¥(162,874)	249,784
Inventories and other current assets	4,820	308,528			313,348
Total assets	¥1,454,941	¥712,930	¥1,199,861	¥(162,874)	¥3,204,858
Liabilities					
Derivatives	14,490	321,072	592	(162,874)	173,280
Total liabilities	¥14,490	¥321,072	¥592	¥(162,874)	¥173,280

*1. There was no material transfer between different levels during the year ended March 31, 2013.
*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.

(March 31, 2014)

	Millions of Yen				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	¥460,331				¥460,331
Short-term investments and other investments					
Financial assets measured at FVTPL	578	¥2,350	¥63,058		65,986
Financial assets measured at FVTOCI	906,387	296	1,038,086		1,944,769
Trade and other receivables (FVTPL)			83,079		83,079
Derivatives	16,962	487,570		¥(273,949)	230,583
Inventories and other current assets	2,873	392,822			395,695
Total assets	¥1,387,131	¥883,038	¥1,184,223	¥(273,949)	¥3,180,443
Liabilities					
Derivatives	21,098	396,374		(273,949)	143,523
Total liabilities	¥21,098	¥396,374		¥(273,949)	¥143,523

(March 31, 2014)

	Millions of U.S. Dollars				
	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash and cash equivalents	$4,469				$4,469
Short-term investments and other investments					
Financial assets measured at FVTPL	6	$23	$612		641
Financial assets measured at FVTOCI	8,800	3	10,078		18,881
Trade and other receivables (FVTPL)			807		807
Derivatives	165	4,734		$(2,660)	2,239
Inventories and other current assets	28	3,813			3,841
Total assets	$13,468	$8,573	$11,497	$(2,660)	$30,878
Liabilities					
Derivatives	205	3,848		(2,660)	1,393
Total liabilities	$205	$3,848		$(2,660)	$1,393

*1. There are no material transfers between different levels during the year ended March 31, 2014.
*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.

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, 2013 and 2014.

(Year ended March 31, 2013)

	Millions of Yen							
	Balance at beginning of year	Net realized/ unrealized gains (losses) included in net income	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	¥110,311	¥6,852	¥89	¥10,069	¥(17,054)		¥110,267	¥1,495
FVTOCI	1,318,720		138,850	23,258	(477,071)		1,003,757	
Trade and other receivables (FVTPL)	35,125	928	2,294	50,123		¥(3,249)	85,221	928
Other financial assets (Derivatives)	1,468	(483)				(369)	616	616
Other financial liabilities (Derivatives)	1,444	(507)				(345)	592	592

*1. "Increase due to purchases and other" and "Decrease due to sales and other" include changes due to the effect of consolidation and deconsolidation and transfer from (to) other accounts.
*2. There are no materials transfer between different levels during the year ended March 31, 2013.

(Year ended March 31, 2014)

	Millions of Yen							
	Balance at beginning of year	Net realized/ unrealized gains (losses) included in net income	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	¥110,267	¥23,973	¥2,183	¥4,362	¥(77,727)		¥63,058	¥4,362
FVTOCI	1,003,757		14,422	24,410	(4,503)		1,038,086	
Trade and other receivables (FVTPL)	85,221	1,615	3,158	6,184		¥(13,099)	83,079	1,615
Other financial assets (Derivatives)	616					(616)		
Other financial liabilities (Derivatives)	592					(592)		

(Year ended March 31, 2014)

	Millions of U.S. Dollars							
	Balance at beginning of year	Net realized/ unrealized gains (losses) included in net income	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	$1,071	$233	$21	$42	$(755)		$612	$42
FVTOCI	9,746		140	237	(44)		10,079	
Trade and other receivables								
(FVTPL)	827	16	31	60		$(127)	807	16
Other financial assets								
(Derivatives)	6					(6)		
Other financial liabilities								
(Derivatives)	6					(6)		

*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 are no material transfers between different levels during the year ended March 31, 2014.

Gains (losses) on short-term investments and other investments included in net income are recognized in "Gains (losses) on investments" in the consolidated statement of income. Gains (losses) on derivatives included in net income are recognized in "Revenues" and "Cost of revenues" 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.

Cash and cash equivalents

Level 1 cash and cash equivalents are cash and current accounts, for which the carrying amount approximates the 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 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 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 the future cash flows of the investees, information on the net 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 amount approximate the fair value. Trade and other receivables measured at FVTPL are classified in Level 3 if the amount affected by unobservable inputs covers for 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 the future 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 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.

The fair values of derivatives classified in Level 3 are measured by personnel in accounting department of the subsidiary who manage the corresponding assets, with pricing information valued by the appropriate evaluation organization.

Inventories

Level 1 and Level 2 inventories are primarily inventories of nonferrous metals held for trading purposes, and 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 include costs to sell, which are immaterial.

All the valuations are reviewed quarterly by the accounting personnel and approved by the management of the administration departments of the Company. The valuation policies and procedures for the fair value measurements are decided and periodically revised by the corporate accounting department of the Parent.

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

The following is a breakdown of assets and liabilities that are measured at fair value on a non-recurring basis at the Date of Transition, March 31, 2013 and 2014.

(Date of Transition)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total fair value
Property and equipment			¥161,242	¥161,242
Investment properties			38,379	38,379

The fair values of property and equipment and investment property classified in Level 3, to which the deemed cost election was applied, were measured by personnel in the accounting departments of the Company who managed the corresponding assets, with independent third party appraisals.

All valuations were reviewed by the accounting personnel and approved by the management of the administration departments of the Company.

(March 31, 2013)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total fair value
Non-current assets held for sale (Real estate)		¥5,000		¥5,000

Impairment losses of non-current assets held for sale classified in Level 2 were included in "Impairment losses on long-lived assets" in the consolidated statement of income.

The fair values of non-current assets held for sale classified in Level 2 were measured by personnel in the accounting departments of the Company who managed the corresponding assets, with information on the future cash flows of the assets.

All valuations were reviewed by the accounting personnel and approved by the management of the administration departments of the Company.

(March 31, 2014)

	Millions of Yen			
	Level 1	Level 2	Level 3	Total fair value
Non-current assets held for sale (Aircraft)		¥14,904		¥14,904

(March 31, 2014)

	Millions of U.S. Dollars			
	Level 1	Level 2	Level 3	Total fair value
Non-current assets held for sale (Aircraft)		$145		$145

Impairment losses of non-current assets held for sale classified in Level 2 were included in "Impairment losses on long-lived assets" in the consolidated statements of income.

The fair values of non-current assets held for sale classified in Level 2 were measured by personnel in the accounting departments of the Company who managed the corresponding assets, with information on the future cash flows of the assets.

All valuations were reviewed by the accounting personnel and approved by the management of the administration departments of the Company.

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 the Date of Transition, March 31, 2013 and 2014.

(Date of Transition)

Classification	Fair value (Millions of Yen)	Valuation technique	Unobservable input	Weighted average
Non-marketable equity securities	¥658,781	Discounted cash flow	Discount rate	10.3%

(March 31, 2013)

Classification	Fair value (Millions of Yen)	Valuation technique	Unobservable input	Weighted average
Non-marketable equity securities	¥765,392	Discounted cash flow	Discount rate	10.4%

(March 31, 2014)

Classification	Fair value (Millions of Yen)	Fair value (Millions of U.S. Dollars)	Valuation technique	Unobservable input	Weighted average
Non-marketable equity securities	¥768,521	$7,461	Discounted cash flow	Discount rate	10.1%

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 carrying amounts and fair values of financial instruments that are measured at amortized cost at the Date of Transition, March 31, 2013 and 2014.

(Date of Transition)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	¥968,428		¥968,428		¥968,428
Short-term investments and other investments	141,034	¥10,784	48,596	¥75,445	134,825
Trade and other receivables	3,508,809		3,273,831	248,871	3,522,702
Total assets	¥4,618,271	¥10,784	¥4,290,855	¥324,316	¥4,625,955
Liabilities					
Borrowings	5,081,753		5,080,481		5,080,481
Trade and other payables	2,605,105		2,605,205		2,605,205
Total liabilities	¥7,686,858		¥7,685,686		¥7,685,686

(March 31, 2013)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	¥1,054,585		¥1,054,585		¥1,054,585
Short-term investments and other investments	134,667	¥7,433	50,788	¥73,416	131,637
Trade and other receivables	3,697,887		3,477,984	234,439	3,712,423
Total assets	¥4,887,139	¥7,433	¥4,583,357	¥307,855	¥4,898,645
Liabilities					
Borrowings	5,889,642		5,882,352		5,882,352
Trade and other payables	2,748,184		2,746,084		2,746,084
Total liabilities	¥8,637,826		¥8,628,436		¥8,628,436

(March 31, 2014)

	Millions of Yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	¥1,014,410		¥1,014,410		¥1,014,410
Short-term investments and other investments	135,222	¥18,750	46,821	¥68,458	134,029
Trade and other receivables	3,774,128		3,692,698	101,821	3,794,519
Total assets	¥4,923,760	¥18,750	¥4,753,929	¥170,279	¥4,942,958
Liabilities					
Borrowings	6,075,835		6,029,285		6,029,285
Trade and other payables	2,715,482		2,709,709		2,709,709
Total liabilities	¥8,791,317		¥8,738,994		¥8,738,994

(March 31, 2014)

	Millions of U.S. Dollars				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash equivalents and time deposits	$9,849		$9,849		$9,849
Short-term investments and other investments	1,313	$182	455	$664	1,301
Trade and other receivables	36,642		35,851	989	36,840
Total assets	$47,804	$182	$46,155	$1,653	$47,990
Liabilities					
Borrowings	58,989		58,537		58,537
Trade and other payables	26,364		26,308		26,308
Total liabilities	$85,353		$84,845		$84,845

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 approximates 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. Non-marketable investments such as guarantee deposits measured at amortized cost are valued at the carrying amount, given that it is not practicable to estimate their fair values as there are a large number of investments of which the information to measure fair value is not readily available.

Trade and other receivables

For trade and other receivables that have relatively short maturities, the carrying amounts approximate the fair values. 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 the fair values. 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.

30. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The amount of financial assets and financial liabilities that are subject to enforceable master netting agreements or similar agreements at the Date of Transition, March 31, 2013 and 2014 were as follows.

(Date of Transition)

Financial assets	Millions of Yen						
	Gross amount of assets (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral payables		Financial instruments	Cash collateral payables	
Derivatives	¥293,295	¥(120,910)		¥172,385	¥(71,195)	¥(7,753)	¥93,437
Loans receivable	114,976			114,976	(114,976)		
Total	¥408,271	¥(120,910)		¥287,361	¥(186,171)	¥(7,753)	¥93,437

The "Derivatives" above comprises ¥77,872 million of "Other financial assets" (current), ¥1,916 million of "Other current assets", and ¥92,597 million of "Other financial assets" (non-current) in the consolidated statement of financial position. Also, "Loans receivable" was included in "Trade and other receivables"(current).

Financial liabilities	Millions of Yen						
	Gross amount of liabilities (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral receivables		Financial instruments	Cash collateral receivables	
Derivatives	¥237,238	¥(120,910)		¥116,328	¥(71,195)	¥(8,023)	¥37,110
Total	¥237,238	¥(120,910)		¥116,328	¥(71,195)	¥(8,023)	¥37,110

The "Derivatives" above comprises ¥80,157 million of "Other financial liabilities" (current), ¥2 million of "Other current liabilities", and ¥36,169 million of "Other financial liabilities" (non-current) in the consolidated statement of financial position.

(March 31, 2013)

Financial assets	Millions of Yen						
	Gross amount of assets (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral payables		Financial instruments	Cash collateral payables	
Derivatives	¥412,658	¥(162,874)		¥249,784	¥(104,503)	¥(2,600)	¥142,681
Loans receivable	154,965			154,965	(154,965)		
Total	¥567,623	¥(162,874)		¥404,749	¥(259,468)	¥(2,600)	¥142,681

The "Derivatives" above comprises ¥137,579 million of "Other financial assets" (current), ¥19 million of "Other current assets", and ¥112,186 million of "Other financial assets" (non-current) in the consolidated statement of financial position. Also, "Loans receivable" was included in "Trade and other receivables"(current).

Financial liabilities	Millions of Yen						
	Gross amount of liabilities (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral receivables		Financial instruments	Cash collateral receivables	
Derivatives	¥336,154	¥(162,874)		¥173,280	¥(104,503)	¥(5,512)	¥63,265
Total	¥336,154	¥(162,874)		¥173,280	¥(104,503)	¥(5,512)	¥63,265

The "Derivatives" above comprises ¥117,087 million of "Other financial liabilities" (current), ¥2,804 million of "Other current liabilities", and ¥53,389 million of "Other financial liabilities" (non-current) in the consolidated statement of financial position.

(March 31, 2014)

Financial assets	Millions of Yen						
	Gross amount of assets (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral payables		Financial instruments	Cash collateral payables	
Derivatives	¥504,532	¥(273,949)		¥230,583	¥(78,103)	¥(6,687)	¥145,793
Loans receivable	154,967			154,967	(154,967)		
Total	¥659,499	¥(273,949)		¥385,550	¥(233,070)	¥(6,687)	¥145,793

Financial liabilities	Millions of Yen						
	Gross amount of liabilities (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral receivables		Financial instruments	Cash collateral receivables	
Derivatives	¥417,472	¥(273,949)		¥143,523	¥(78,103)	¥(17,565)	¥47,855
Total	¥417,472	¥(273,949)		¥143,523	¥(78,103)	¥(17,565)	¥47,855

Financial assets	Millions of U.S. Dollars						
	Gross amount of assets (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral payables		Financial instruments	Cash collateral payables	
Derivatives	$4,899	$(2,660)		$2,239	$(758)	$(66)	$1,415
Loans receivable	1,505			1,505	(1,505)		
Total	$6,404	$(2,660)		$3,744	$(2,263)	$(66)	$1,415

The "Derivatives" above comprises ¥136,398 million ($1,324 million) of "Other financial assets" (current), ¥1,011 million of ($10 million) "Other current assets" , and ¥93,174 million ($905 million) of "Other financial assets" (non-current) in the consolidated statement of financial position. Also, "Loans receivable" was included in "Trade and other receivables"(current).

	Millions of U.S. Dollars						
Financial liabilities	Gross amount of liabilities (before offset)	Offset amount		Amount presented in the consolidated statement of financial position	Amount not offset in the consolidated statement of financial position		Net
		Financial instruments	Cash collateral receivables		Financial instruments	Cash collateral receivables	
Derivatives	$4,053	$(2,660)		$1,393	$(758)	$(171)	$464
Total	$4,053	$(2,660)		$1,393	$(758)	$(171)	$464

The "Derivatives" above comprises ¥110,557 million ($1,073 million) of "Other financial liabilities" (current),and ¥32,966 million ($320 million) of "Other financial liabilities" (non-current) in the consolidated statement of financial position.

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.

31. 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 takes advantage of natural offsets. Additionally, the Company enters into various derivative transactions pursuant to the Company's risk management policies in response to counterparty exposure and to hedge specific risks.

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 the fair value or cash flows of these derivatives are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. Whenever practical, designation is performed on a specific exposure basis to qualify for hedge accounting. In these circumstances, the Company assesses, both at the inception of the hedge and on an on-going basis, whether the hedging derivatives are highly effective in offsetting changes in fair values or cash flows of hedged items. Should it be determined that a derivative is not highly effective as a hedge, the Company will discontinue hedge accounting.

Fair value hedge

Derivative instruments designated as fair value hedges primarily consist of interest rate swaps used to convert fixed-rate assets or debt obligations to floating-rate assets or debts, and currency swaps used to hedge foreign currency risks of loans or debts.

Cash flow hedge

Derivative instruments designated as cash flow hedges include interest rate swaps to convert floating-rate liabilities to fixed-rate liabilities to diminish volatility of cash flows, forward exchange contracts to eliminate variability in functional-currency-equivalent cash flows on forecasted transactions, and commodity swaps or futures to eliminate variability in commodity prices.

Current open contracts hedge the Company's exposure to the variability in future cash flows for forecasted transactions through 2020.

Hedge of the net investment in foreign operations

The Parent uses foreign 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.

Impact of hedging activities on the consolidated statement of financial position

The following are the fair values (on a gross basis) of derivative instruments and non-derivative financial instruments designated as hedge at the Date of Transition, March 31, 2013 and 2014.

(Date of Transition)

Derivatives designated as fair value hedges, cash flow hedges and net investment hedges

	Account in the consolidated statement of financial position	Millions of Yen — Fair value: Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial assets (current)	¥356			¥356
	Other financial assets (non-current)	68,917	¥32		68,949
Foreign exchange contracts	Other financial assets (current)	580	7,246	¥30	7,856
	Other financial assets (non-current)	1,912	63		1,975
Commodity contracts	Other financial assets (current)		1,819		1,819
	Other financial assets (non-current)		1,094		1,094
	Total	¥71,765	¥10,254	¥30	¥82,049

	Account in the consolidated statement of financial position	Millions of Yen			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial liabilities (current)	¥14	¥5		¥19
	Other financial liabilities (non-current)	5,539	1,368		6,907
Foreign exchange contracts	Other financial liabilities (current)	1,174	4,262	¥17,302	22,738
	Other financial liabilities (non-current)	1,096	2,182		3,278
Commodity contracts	Other financial liabilities (current)		830		830
	Other financial liabilities (non-current)		1,668		1,668
	Total	¥7,823	¥10,315	¥17,302	¥35,440

Non-derivative financial instruments designated as net investment hedges

Hedging instrument	Account in the consolidated statement of financial position	Carrying amount (Millions of Yen)
Foreign-currency-denominated debt	Borrowings (current)	¥3,945
	Borrowings (non-current)	35,506

(March 31, 2013)

Derivatives designated as fair value hedges, cash flow hedges or net investment hedges

	Account in the consolidated statement of financial position	Millions of Yen			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial assets (current)	¥992			¥992
	Other financial assets (non-current)	82,383	¥25		82,408
Foreign exchange contracts	Other financial assets (current)	1,115	13,323	¥1,495	15,933
	Other financial assets (non-current)	992	1,921		2,913
Commodity contracts	Other financial assets (current)		1,812		1,812
	Other financial assets (non-current)		928		928
	Total	¥85,482	¥18,009	¥1,495	¥104,986

	Account in the consolidated statement of financial position	Millions of Yen			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial liabilities (current)	¥29	¥11		¥40
	Other financial liabilities (non-current)	2,533	1,934		4,467
Foreign exchange contracts	Other financial liabilities (current)	31	3,623	¥9,546	13,200
	Other financial liabilities (non-current)		11		11
Commodity contracts	Other financial liabilities (current)		145		145
	Other financial liabilities (non-current)		3,052		3,052
	Total	¥2,593	¥8,776	¥9,546	¥20,915

Non-derivative financial instruments designated as net investment hedges

Hedging instrument	Account in the consolidated statement of Financial Position	Carrying amount (Millions of Yen)
Foreign-currency-denominated debt	Borrowings (current)	¥4,514
	Borrowings (non-current)	8,769

(March 31, 2014)

Derivatives designated as fair value hedges, cash flow hedges or net investment hedges

	Account in the consolidated statement of financial position	Millions of Yen			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial assets (current)	¥935	¥36		¥971
	Other financial assets (non-current)	69,677	424		70,101
Foreign exchange contracts	Other financial assets (current)	679	7,212	¥4,955	12,846
	Other financial assets (non-current)	267	6		273
Commodity contracts	Other financial assets (current)		476		476
	Other financial assets (non-current)		620		620
	Total	¥71,558	¥8,774	¥4,955	¥85,287

	Account in the consolidated statement of financial position	Millions of Yen			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial liabilities (current)	¥82	¥292		¥374
	Other financial liabilities (non-current)	3,947	1,194		5,141
Foreign exchange contracts	Other financial liabilities (current)	230	5,870	¥2,718	8,818
	Other financial liabilities (non-current)		747		747
Commodity contracts	Other financial liabilities (current)		443		443
	Other financial liabilities (non-current)		3,009		3,009
	Total	¥4,259	¥11,555	¥2,718	¥18,532

	Account in the consolidated statement of financial position	Millions of U.S. Dollars			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial assets (current)	$9			$9
	Other financial assets (non-current)	676	$4		680
Foreign exchange contracts	Other financial assets (current)	7	70	$48	125
	Other financial assets (non-current)	3			3
Commodity contracts	Other financial assets (current)		5		5
	Other financial assets (non-current)		6		6
	Total	$695	$85	$48	$828

	Account in the consolidated statement of financial position	Millions of U.S. Dollars			
		Fair value			
		Fair value hedge	Cash flow hedge	Net investment hedge	Total
Interest rate contracts	Other financial liabilities (current)	$1	$3		$4
	Other financial liabilities (non-current)	38	12		50
Foreign exchange contracts	Other financial liabilities (current)	2	57	$26	85
	Other financial liabilities (non-current)		7		7
Commodity contracts	Other financial liabilities (current)		4		4
	Other financial liabilities (non-current)		29		29
	Total	$41	$112	$26	$179

Non-derivative financial instruments designated as net investment hedges

Hedging instrument	Account in the consolidated statement of financial position	Carrying amount (Millions of Yen)	Carrying amount (Millions of U.S. Dollars)
Foreign-currency-denominated debt	Borrowings (current)	¥4,940	$48
	Borrowings (non-current)	9,596	93

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, 2013 and 2014.

(Year ended March 31, 2013)

Derivatives designated as fair value hedges

		Millions of Yen	
Derivative type	Account in the consolidated statement of income	Amount of gain or loss recognized in net income on derivative	Amount of gain or loss recognized in net income on hedged item
Interest rate contracts	Other income (expense) -net	¥17,093	¥(17,087)
Foreign exchange contracts	Other income (expense) -net	1,047	(1,086)

Derivatives designated as cash flow hedges

Derivative type	Amount of gains (losses) recognized in OCI (effective portion) (Millions of Yen)	Account of gain or loss reclassified from other components of equity	Amount of gain or loss reclassified from other components of equity into net income (effective portion) (Millions of Yen)
Interest rate contracts	¥(8,686)	Finance costs	¥(352)
Foreign exchange contracts	16,522	Other income (expense) - net	8,284
Commodity contracts	1,235	Revenues/(Cost of revenues)	(2,288)

*1. Amounts related to hedge ineffectiveness or excluded from the assessment of hedge effectiveness was immaterial for the year ended March 31, 2013.
*2. During the year ended March 31, 2013, there were no gains or losses reclassified from other components of equity into net income as a result of the discontinuance of cash flow hedges because it was probable that the original forecasted transactions would not occur by the end of the originally specified time period.

Derivatives designated as net Investment hedges

The amounts related to hedge ineffectiveness or excluded from the assessment of hedge effectiveness was not material for the year ended March 31, 2013.

(Year ended March 31, 2014)

Derivatives designated as fair value hedges

Derivative type	Account in the consolidated statement of income	Millions of Yen	
		Amount of gain or loss recognized in net income on derivative	Amount of gain or loss recognized in net income on hedged item
Interest rate contracts	Other income (expense) -net	¥(14,230)	¥14,222
Foreign exchange contracts	Other income (expense) -net	(1,360)	1,346

Derivative type	Account in the consolidated statement of income	Millions of U.S. Dollars	
		Amount of gain or loss recognized in net income on derivative	Amount of gain or loss recognized in net income on hedged item
Interest rate contracts	Other income (expense) -net	$(138)	$138
Foreign exchange contracts	Other income (expense) -net	(13)	13

Derivatives designated as cash flow hedges

Derivative type	Amount of gains (losses) recognized in OCI (effective portion) (Millions of Yen)	Account of gain or loss reclassified from other components of equity	Amount of gain or loss reclassified from other components of equity into net income (effective portion) (Millions of Yen)
Interest rate contracts	¥7,567	Finance costs	¥(247)
Foreign exchange contracts	(23,456)	Other income (expense) - net	(13,668)
Commodity contracts	(245)	Revenues/(Cost of revenues)	(28)

Derivative type	Amount of gains (losses) recognized in OCI (effective portion) (Millions of U.S. Dollars)	Account of gain or loss reclassified from other components of equity	Amount of gain or loss reclassified from other components of equity into net income (effective portion) (Millions of U.S. Dollars)
Interest rate contracts	$73	Finance costs	$(2)
Foreign exchange contracts	(228)	Other income (expense) - net	(133)
Commodity contracts	(2)	Revenues/(Cost of revenues)	

*1. Amounts related to hedge ineffectiveness or excluded from the assessment of hedge effectiveness was immaterial for the year ended March 31, 2014.

*2. During the year ended March 31, 2014, there were no gains or losses reclassified from other components of equity into net income as a result of the discontinuance of cash flow hedges because it was probable that the original forecasted transactions would not occur by the end of the originally specified time period.

Derivatives designated as net investment hedges

The amounts related to hedge ineffectiveness or excluded from the assessment of hedge effectiveness was not material for the year ended March 31, 2014.

32. RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

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 the Date of Transition, March 31, 2013 and 2014, the Company had gross interest-bearing liabilities of approximately ¥5,081.8 billion, ¥5,889.6 billion and ¥6,075.8 billion ($59 billion), respectively. 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 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 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, that 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 the 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 the Date of Transition, March 31, 2013 and 2014, their impacts on net income and total equity would not be material.

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 taking advantage of natural offsets to, and 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 the U.S. dollar, the Australian dollar and the Euro.

Estimated amounts of decrease in the total equity assuming that the Japanese yen appreciated by ¥1 at the Date of Transition, March 31, 2013 and 2014 was as follows. The estimated amount of increase in the total equity assuming that the Japanese yen depreciated by ¥1 was the same amount.

Currency	Date of Transition (Billion Yen)	2013 (Billion Yen)	2014 (Billion Yen)	2014 (Million U.S. Dollars)
U.S. Dollar	¥12.0	¥13.0	¥13.5	$131
Australian Dollar	10.0	9.0	8.0	78
Euro	1.2	1.5	1.2	12

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 procedures. 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 the Date of Transition, March 31, 2013 and 2014, 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 were immaterial.

Share price risk management

At the Date of Transition, March 31, 2013 and 2014, the Company owned approximately ¥1,400 billion, ¥1,550 billion and ¥1,400 billion ($13 billion) (fair value basis) of marketable securities, respectively. These investments are mostly equity issues of customers, suppliers and the affiliated companies which are exposed to the risk of fluctuations in share prices. 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.

Assuming that the share price rose or fell by 10% at the Date of Transition, March 31, 2013 and 2014, increase or decrease in total equity amounted to approximately ¥59 billion, approximately ¥65 billion and approximately ¥55 billion ($0.5 billion), respectively. As most of 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 in amount.

Credit risk management

The Company has exposure 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 credit losses. To manage the credit risk, the Company has maintained 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 has considered the customers' financial position could offer the relevant and sufficient information on the assessment of the Company's credit risk because the Company has estimated its credit risk has been insignificant relatively, compared to its market and foreign currency risks.

The Company has no exposure 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 41 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 the Date of Transition, March 31, 2013 and 2014 was as follows, excluding the effect of adjustments to fair value under fair value hedge accounting.

Please refer to Note 34 for the obligations under finance leases by due date.

(Date of Transition)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	¥1,321,780	¥2,287,804	¥1,406,804	¥5,016,388
Trade and other payables	2,532,401	55,106	17,598	2,605,105
Other financial liabilities (derivatives)	80,157	32,872	3,297	116,326
Financial guarantee contracts	142,006	32,680	144,625	319,311

(March 31, 2013)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	¥1,389,989	¥2,495,149	¥1,920,098	¥5,805,236
Trade and other payables	2,683,188	49,684	15,312	2,748,184
Other financial liabilities (derivatives)	117,087	47,256	6,133	170,476
Financial guarantee contracts	185,152	36,796	194,117	416,065

(March 31, 2014)

	Millions of Yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	¥1,379,832	¥2,521,170	¥2,103,649	¥6,004,651
Trade and other payables	2,644,872	57,266	14,134	2,716,272
Other financial liabilities (derivatives)	110,557	30,918	2,048	143,523
Financial guarantee contracts	174,710	166,072	141,652	482,434

(March 31, 2014)

	Millions of U.S. Dollars			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total
Borrowings	$13,396	$24,478	$20,424	$58,298
Trade and other payables	25,679	556	137	26,372
Other financial liabilities (derivatives)	1,073	300	20	1,393
Financial guarantee contracts	1,697	1,612	1,375	4,684

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 ¥901,973 million and ¥408,812 million, respectively, at the Date of Transition, ¥893,098 million and ¥663,567 million, respectively, at March 31, 2013, and ¥971,265 million ($9,430 million) and ¥669,266 million ($6,498 million), respectively, at March 31, 2014.

The lines of credit include Japanese yen facilities of ¥510,000 million ($4,951 million) held by the Parent and ¥90,000 million ($874 million) held by a domestic subsidiary, and foreign currency facilities for major currencies equivalent to $1,000 million and for soft currencies equivalent to $300 million held by the Parent and foreign subsidiaries at March 31, 2014. 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 ($3,981 million) which terminate in December 2018, to support the Parent's commercial paper program. The commercial paper program is used to fund working capital and other general corporate requirements as needed. The outstanding commercial paper of ¥75,000 million at the Date of Transition, ¥95,000 million at March 31, 2013 was recognized on the consolidated balance sheets for this purpose. The Company had no outstanding commercial paper at March 31, 2014.

33. TRANSFERS OF FINANCIAL ASSETS

Significant transfers of financial assets for the year ended March 31,2014 was as follows, and there were no significant transfers of financial assets at the Date of Transition and for the year ended March 2013.

The Company has established a Receivable Purchase Facility with a maximum funding amount of EUR 500 million (¥70,825 million,or $688 million) transferring its contractually qualified loan receivables to the third parties. In line with the facility, the Company could subsequently transfer its receivables with a maximum amount of EUR 500 million (¥70,825 million, or $688 million) over a revolving period of three years after July 2013. The amount of EUR 500 million (¥70,825 million, or $688 million) mentioned above was the discounted amount which the Company transferred to the third parties. In addition, the Company had the right to receive a part of the future interest income from the transferred receivables. Also the Company bore 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 acted as a service provider, collecting the principal loan and interest.

The Company treated the transactions above as sales transactions due to the Company's legal isolation from its transferred receivables, no significant restriction on the purchaser's rights regarding the transferred receivables, and no substantial control of the transferred receivables by the Company because of the limitation of the Company's continuing involvement. The aggregate amount of the loan receivables derecognized was ¥92,173 million ($895 million), and the total amount of consideration received was ¥91,804 million ($891 million) for the year ended March 31, 2014. The amount of income through the sales transactions was ¥2,150 million ($21 million), and most of the income was recognized in August 2013.

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 by using the discounted cash flow mentioned in Note 29. The Company recognized the rights as trade and other receivables (current and non-current), and the assets were classified as Level 3 assets, because the main input used for the measurement was the expected rate of return 6-7%, which was unobservable. The aggregate amount of the assets recognized regarding the transaction was ¥4,722 million ($46 million),and the amount of cash received from the assets was ¥1,454 million ($14 million) for the year ended March 31, 2014.

The Company measures the fair value of its credit risk and its servicing liabilities for the receivables when transferred and every quarter end, and the amounts of these liabilities were not material for the year ended March 31,2014.

The fair value of the assets and liabilities are measured on 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 year ended March 31, 2014 were mainly as follows.

March 31, 2014	Millions of Yen	Millions of U.S. Dollars
Balance of transferred receivables (the principal amount outstanding)	¥70,868	$688
Fair value of future interest income	3,279	32
Maximum amount of exposure to losses	9,544	93

"Balance of transferred receivables" is the balance of the loan receivables derecognized by the transaction at March 31, 2014."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 year ended March 31, 2014.

34. 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 the Date of Transition, March 31, 2013 and 2014 were as follows.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Buildings	¥4,840	¥4,574	¥4,157	$40
Machinery and equipment	19,931	22,208	21,514	209
Vessels and vehicles	1,908	2,030	4,574	45
Total	¥26,679	¥28,812	¥30,245	$294

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 the Date of Transition, March 31, 2013 and 2014 were 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
	Date of Transition	2013	2014	2014	Date of Transition	2013	2014	2014
Not later than 1 year	¥13,321	¥13,514	¥14,545	$141	¥13,121	¥13,322	¥14,357	$140
Later than 1 year and not later than 5 years	27,803	29,981	31,986	310	26,311	28,491	30,104	292
Later than 5 years	17,304	15,285	14,383	140	14,933	13,246	12,372	120
Subtotal	¥58,428	¥58,780	¥60,914	$591	¥54,365	¥55,059	¥56,833	$552
Less amount representing interest	(4,063)	(3,721)	(4,081)	(39)				
Finance lease obligations (Present value of total minimum lease payments to be paid)	¥54,365	¥55,059	¥56,833	$552				

Minimum sub-lease income due in the future at the Date of Transition, March 31, 2013 and 2014 were ¥28,496 million, ¥25,456 million and ¥26,605 million ($258 million), respectively, and were 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, 2013 and 2014 were ¥83,764 million and ¥90,517 million ($879 million), respectively. Sub-lease rental income for the years ended March 31, 2013 and 2014 were ¥22,673 million and ¥25,703 million ($250 million), respectively.

The breakdown of future minimum lease payments under non-cancelable leases by payment period at the Date of Transition, March 31, 2013 and 2014 were as follows. Minimum sublease income due in the future under non-cancelable leases at the Date of Transition, March 31, 2013 and 2014 were ¥21,293 million, ¥30,945 million and ¥60,990 million ($592 million), respectively, and were not deducted from the following amounts.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Not later than 1 year	¥50,679	¥53,111	¥54,084	$525
Later than 1 year and not later than 5 years	104,056	112,026	133,007	1,292
Later than 5 years	79,223	73,532	74,897	727
Total	¥233,958	¥238,669	¥261,988	$2,544

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 receivable by receipt period and the present value of such minimum lease payments, and the components of the outstanding receivables under finance leases at the Date of Transition, March 31, 2013 and 2014 were 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
	Date of Transition	2013	2014	2014	Date of Transition	2013	2014	2014
Future minimum lease payments to be received								
Not later than 1 year	¥124,538	¥173,594	¥182,002	$1,767	¥115,336	¥161,579	¥170,177	$1,652
Later than 1 year and not later than 5 years	228,245	300,225	313,226	3,041	191,938	256,141	268,640	2,608
Later than 5 years	93,390	97,498	104,624	1,016	70,688	74,932	78,443	762
Sub-total	¥446,173	¥571,317	¥599,852	$5,824	¥377,962	¥492,652	¥517,260	$5,022
Estimated unguaranteed residual value of leased assets	1,797	924	1,084	10				
Gross investment in the lease	447,970	572,241	600,936	5,834				
Less—unearned income	(68,211)	(78,665)	(82,592)	(802)				
Finance lease receivables	379,759	493,576	518,344	5,032				
Less—allowance for doubtful receivables	(6,152)	(11,071)	(8,034)	(78)				
Receivables under finance leases (net of allowance for doubtful receivables)	¥373,607	¥482,505	¥510,310	$4,954				

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 Date of Transition, March 31, 2013 and 2014 were as follows.

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Not later than 1 year	¥48,016	¥64,586	¥73,291	$712
Later than 1 year and not later than 5 years	120,723	155,844	181,945	1,766
Later than 5 years	60,850	99,795	132,793	1,289
Total	¥229,589	¥320,225	¥388,029	$3,767

35. 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 waterworks, sewerage, regeneration and desalination and provides comprehensive services through design, construction, operation and other activities of 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 is not material. The residual periods of the major service concession arrangements on March 31, 2014 were between 6 and 20 years.

36. 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
	2013	2014	2014
Acquisition of businesses:			
Consideration for acquisition (cash and cash equivalents)			
Total amount of consideration for acquisition	¥23,541	¥41,017	$399
Cash and cash equivalents of acquired businesses	11,102	4,390	43
Consideration for acquisition (net of cash and cash equivalents of acquired businesses)	12,439	36,627	356
Fair value of assets acquired (excluding cash and cash equivalents)			
Trade and other receivables	35,128	33,052	321
Inventories	36,545	27,241	264
Property and equipment and investment property	44,276	24,237	235
Other	16,741	46,450	451
Total acquired assets	132,690	130,980	1,271
Fair value of liabilities assumed			
Borrowings	30,541	43,865	426
Trade and other payables	44,060	21,959	213
Other	5,301	12,351	120
Total liabilities assumed	79,902	78,175	759
Non-cash investing and financing activities:			
Exchange of shares in connection with business combinations and reorganizations involving investees			
Fair market value of shares received	2,513		
Cost of shares surrendered	3,000		
Acquisition of assets under finance leases	3,947	4,715	46

37. CONSOLIDATED SUBSIDIARIES

The effects on additional paid-in capital attributable to the Company of any changes in its ownership interest in consolidated subsidiaries that did not result in losses of control are as follows.

	Changes in additional paid-in capital		
	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Changes from equity transactions with non-controlling shareholders	¥(133)	¥3,459	$33

The gains (losses) associated with the losses of control of subsidiaries

The gains (losses) associated with the losses of control of subsidiaries (before tax) were ¥1,102 million and ¥15,702 million ($152 million) for the years ended March 31, 2013 and 2014, respectively. The gains (losses) were included in "Gains on investments" in the consolidated statement of income.

The portions of gains or losses (pre tax) attributable to the remeasurement of investment retained in the former subsidiary at its fair value at the date when control was lost were ¥441 million and ¥6,832 million ($66 million) for the years ended March 31, 2013 and 2014, respectively.

38. INTERESTS IN JOINT ARRANGEMENTS AND AFFILIATED COMPANIES

(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 of which the Company does not have significant influence regardless of the possession of 20% or more of the voting rights.

Anglo American Sur S.A. ("Anglo Sur")

At the Date of Transition, the Company held a 24.5% ownership interest of Anglo Sur (a Chilean copper mining and smelting company), whereas the Company did not use the equity method to account for the investment in Anglo Sur, because Anglo American plc exclusively held decision-making rights in the decision-making body of Anglo Sur and it was considered to be impracticable for the Company to exercise significant influence on the management of Anglo Sur.

However, during the year ended March 31, 2013, the Company entered into a shareholders' agreement with Anglo American plc and the other shareholders concerning the management of Anglo Sur. With the execution of the shareholders' agreement, the Company obtained the rights to exert significant influence over Anglo Sur, and thus, has started to use the equity method of accounting for its investment in Anglo Sur from the fiscal year ended March 31, 2013.

The gain on fair value measurement previously recognized in other comprehensive income was immaterial and not transferred in profit or loss at the date of transfer.

(3) Share of net income and other comprehensive income of joint ventures and affiliated companies

	Joint ventures			Affiliated companies		
	Millions of Yen		Millions of U.S. Dollars	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014	2013	2014	2014
Net income	¥83,666	¥90,281	$877	¥84,174	¥78,075	$758
Other comprehensive income	17,668	32,045	311	39,192	70,106	681
Comprehensive income	¥101,334	¥122,326	$1,188	¥123,366	¥148,181	$1,439

39. 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 affects 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 controllness are involved in various businesses. Most of the SEs are entities established to conduct real-estate-related business, project financing in infrastructure business, or the shipping-related business. 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.

The following table summarizes total assets of the SEs, 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 the Date of Transition, March 31, 2013 and 2014.

Following information of the SEs represent the latest one available to the Company.

	Millions of Yen				
Date of Transition	Real estate	Infrastructure	Shipping	Other	Total
Total assets of the SEs	¥247,002	¥185,006	¥29,797	¥136,150	¥597,955
Carrying amounts of assets in the Company's consolidated statement of financial position	20,176	13,374	4,894	11,596	50,040
Carrying amounts of liabilities in the Company's consolidated statement of financial position	259	947	1,282	1,455	3,943
Maximum exposures to losses	24,944	13,374	4,894	14,346	57,558

	Millions of Yen				
March 31, 2013	Real estate	Infrastructure	Shipping	Other	Total
Total assets of the SEs	¥444,569	¥168,174	¥38,800	¥148,378	¥799,921
Carrying amounts of assets in the Company's consolidated statement of financial position	51,738	13,651	6,006	17,225	88,620
Carrying amounts of liabilities in the Company's consolidated statement of financial position	166	507		1	674
Maximum exposures to losses	58,232	13,651	6,006	17,423	95,312

	Millions of Yen				
March 31, 2014	Real estate	Infrastructure	Shipping	Other	Total
Total assets of the SEs	¥301,233	¥177,389	¥39,455	¥158,724	¥676,801
Carrying amounts of assets in the Company's consolidated statement of financial position	49,938	21,244	8,098	10,234	89,514
Carrying amounts of liabilities in the Company's consolidated statement of financial position	184	131			315
Maximum exposures to losses	53,853	20,973	8,098	10,460	93,384

	Millions of U.S. Dollars				
March 31, 2014	Real estate	Infrastructure	Shipping	Other	Total
Total assets of the SEs	$2,925	$1,722	$383	$1,541	$6,571
Carrying amounts of assets in the Company's consolidated statement of financial position	485	206	79	99	869
Carrying amounts of liabilities in the Company's consolidated statement of financial position	2	1			3
Maximum exposures to losses	523	204	79	101	907

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) and investments accounted for using the equity method. Carrying amounts of liabilities in the Company's consolidated statement of financial position that relate to the SEs consisted primarily of trade and other payables (current liabilities) and deferred tax liabilities.

There is a difference between carrying amounts of assets in the Company's consolidated statement of financial position that relate to the SEs and 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 possibly to incur from the Company’s involvement with the SEs, and are considered to exceed the anticipated losses considerably.

40. TRANSACTIONS WITH RELATED PARTIES

(1) Transactions with key management personnel

The amounts of directors' remuneration were as follows.

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Monthly remuneration	¥674	¥893	$9
Bonuses	120	220	2
Reserved retirement remuneration	106	127	1
Share-based remuneration	229	361	4
Total remuneration	¥1,129	¥1,601	$16

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 "Share-based remuneration" 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.

(2) Sale of goods / rendering of service to and goods purchased / service received from joint ventures and affiliated companies

(Joint Ventures)

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Sale of goods / rendering of service	¥448,933	¥465,897	$4,523
Goods purchased / service received	633,489	610,063	5,923

(Affiliated companies)

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
Sale of goods / rendering of service	¥1,022,907	¥1,015,869	$9,863
Goods purchased / service received	1,040,560	891,353	8,654

(3) Assets and liabilities of the Company to joint ventures and affiliated companies

(Joint Ventures)

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
(Assets)			
Trade and other receivables	¥46,964	¥53,003	$515
Loans and other	29,075	53,997	524
(Liabilities)			
Trade and other payables	156,576	111,223	1,080

Along with the above, as of March 31, 2013 and 2014, the Company provided ¥44,801 million and ¥44,934 million ($436 million), respectively, of credit guarantees for certain joint ventures. The Company enters into substantial purchase commitments with joint ventures and the outstanding purchase commitments amounted to ¥232,742 million and ¥234,696 million ($2,279 million), as of March 31, 2013 and 2014, respectively.

(Affiliated companies)

	Millions of Yen		Millions of U.S. Dollars
	2013	2014	2014
(Assets)			
Trade and other receivables	¥170,892	¥153,704	$1,492
Loans and other	172,860	130,355	1,266
(Liabilities)			
Trade and other payables	84,874	94,351	916

Along with the above, as of March 31, 2013 and 2014, the Company provided ¥376,654 million and ¥402,779 million ($3,910 million), respectively, of credit guarantees for certain affiliated companies. The Company enters into substantial purchase commitments with affiliated companies and the outstanding purchase commitments amounted to ¥646,542 million and ¥471,287 million ($4,576 million), as of March 31, 2013 and 2014, respectively.

41. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Commitments

The Company has financing agreements (i.e., loan commitments), and outstanding commitments at the Date of Transition, March 31, 2013 and 2014 amounting to ¥23,440 million, ¥4,306 million and ¥6,028 million ($59 million), respectively.

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 the Date of Transition, March 31, 2013 and 2014 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	Date of Transition	2013	2014	2014
Financial guarantees				
Outstanding amount	¥319,311	¥416,065	¥482,434	$4,684
Maximum potential amount of future payments	441,416	700,701	823,797	7,998
Performance guarantees				
Outstanding amount	49,033	316,813	279,881	2,717
Maximum potential amount of future payments	49,033	316,813	279,881	2,717

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, 2014 will expire within 10 years, with certain credit guarantees expiring by the end of 2039. 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 the Date of Transition, March 31, 2013 and 2014, the amounts of possible recoveries under recourse provisions from third parties or from collateral on pledged financial guarantees were ¥2,228 million, ¥1,812 million and ¥1,087 million ($11 million), respectively, and on performance guarantees were ¥14,469 million, ¥163,813 million and ¥154,390 million ($1,499 million), respectively.

The liabilities for these credit guarantees were ¥1,571 million, ¥2,286 million and ¥4,709 million ($46 million), at the Date of Transition, March 31, 2013 and 2014, respectively.

As of March 31, 2014, there were no credit guarantees with a high probability of a significant loss due to enforcement of the guarantee.

LNG project in Russia

In order to facilitate a $6,700 million financing for an LNG project in Russia, the Company, along with other shareholders, provided an agreement to indemnify the financing party from any loss that might be incurred due to the failure of the investee (10% owned by the Company) to register the title of the properties associated with this LNG project.

The amount of maximum future payment under this indemnification is not included in the amount of the credit guarantee described above because it cannot be estimated due to the nature of the indemnification. No provisions have been recorded for the indemnification as the Company's obligation under the indemnification is not probable and estimable.

The investee repays portion of the $6,700 million financing based on the schedule under the loan agreement.

LNG project in Australia

An affiliated company of the Parent acquired a participating interest in a project to develop LNG in Australia (the "Project"). The affiliated company 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, 2014, the portion of the affiliated company's draw-down against the line-of-credit that the Parent is responsible for amounted to $490 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, 2014 is $2,107 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 affiliated company 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.

Litigation

The Company is a party to litigation arising in the ordinary course of business. In the opinion of management, the liability of the Company, if any, when ultimately determined from the progress of the litigation, will not have a materially adverse effect on the consolidated operating results or consolidated financial position of the Company.

42. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 30, 2014.

Acquisition of own shares

The Parent resolved at the Board of Directors meeting held on May 8, 2014 that it would acquire its own shares of stock based on the provisions of Article 156 of the Companies Act that is applied in an alternative interpretation of Article 165, Section 3 of the Companies Act.

The repurchases of shares are to be executed as described below;

Type of shares	:Ordinary shares of the Parent
No. of shares to be repurchased	:Up to 40 million shares (2.4% of the common shares outstanding)
Total value of stock repurchased	:Up to ¥60,000 million ($583 million)
Period of acquisitions	:May 9, 2014 - July 31, 2014

Stock options

The Parent resolved at the Board of Directors meeting held on May 16, 2014 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;

2014 stock options plan A for a stock-linked compensation plan

Total No. of shares granted	:Up to 114,500 ordinary shares of the Parent
Exercise price	:¥1 per share
Exercise term	:June 3, 2014 - August 12, 2043

2014 stock options plan B for a stock-linked compensation plan

Total No. of shares granted	:Up to 594,100 ordinary shares of the Parent
Exercise price	:¥1 per share
Exercise term	:June 3, 2014 - June 2, 2044

Dividends

The Parent was authorized at the general shareholders' meeting held on June 20, 2014 to pay a cash dividend of ¥38 ($0.37) per share, or a total of ¥62,647 million ($608 million) to shareholders of record on March 31, 2014.

43. DISCLOSURE ON TRANSITION TO IFRS

These consolidated financial statements are the first IFRS-compliant consolidated financial statements prepared by the Parent.

IFRS requires companies that are applying IFRS for the first time to retrospectively apply standards required under IFRS as a general rule. However, IFRS 1 prescribes standards required under IFRS to which the application of exemptions is mandatory and those to which the application of exemptions is voluntary. The impact of the application of such provisions is adjusted in retained earnings or other components of equity at the Date of Transition. Major exemptions adopted by the Company upon its transition from U.S.GAAP to IFRS are as follows.

- Business combinations: Under IFRS 1, IFRS 3 can be applied retrospectively or prospectively. If IFRS 3 is applied retrospectively, all business combinations excecuted before the Date of Transition are adjusted based on IFRS 3. The Company has opted not to retrospectively apply IFRS 3 to all business combinations performed before the Date of Transition. As a result, the amount of goodwill arising from business combinations before the Date of Transition to IFRS has been left unadjusted at the carrying amount determined based on U.S.GAAP. Such goodwill was tested for impairment as at the Date of Transition regardless of whether indications of impairment existed or not.

- Fair value as deemed cost: For property and equipment and investment property, IFRS 1 allows an entity to use the fair value at the Date of Transition to IFRS as the deemed cost. For certain property and equipment (e.g., aircraft and vessels) and investment property, the Company has used the fair value as of the Date of Transition as the deemed cost under IFRS. Under IFRS, the Company has adopted the cost model for property and equipment and investment property.

- Exchange differences on translating foreign operations: Under IFRS 1, there is an option to treat the cumulative amount of exchange differences on translating foreign operations as of the Date of Transition as zero, or to recalculate such exchange differences retrospectively to the time of establishment or acquisition of subsidiaries. The Company has applied the cumulative amount of exchange differences on translating foreign operations at the Date of Transition as zero.

- Designation of previously recognized financial instruments: Under IFRS 1, designation of previously recognized financial instruments according to IFRS 9 can be performed based on facts and circumstances that exist at the Date of Transition. The Company has designated financial instruments in accordance with IFRS 9 based on relevant facts and circumstances that existed at the Date of Transition.

Mandatory exception of IFRS 1

IFRS 1 prohibits the retrospective application of IFRS to "estimates", "derecognition of financial assets and financial liabilities", "hedge accounting", "non-controlling interest" and "classification and measurement of financial assets". The Company applies IFRS to these items prospectively from the Date of Transition.

Adjustment from U.S.GAAP to IFRS

Upon preparing the consolidated statement of financial position at the date of Transition, the Company has adjusted the amounts in the consolidated financial statements prepared in accordance with U.S.GAAP.

The impact of the transition from U.S.GAAP to IFRS on the Company’s consolidated financial position, results of operations and cash flows is as follows.

Adjustment to equity at the Date of Transition

ASSETS	Millions of Yen U.S.GAAP	Reclassification	Difference in recognition and measurement	Notes	IFRS	ASSETS
Current assets:						Current assets
Cash and cash equivalents	¥1,252,951	¥2,021			¥1,254,972	Cash and cash equivalents
Time deposits	116,024				116,024	Time deposits
Short-term investments	19,327		¥209		19,536	Short-term investments
Notes receivable—trade	363,130	(363,130)				
Accounts receivable—trade	2,379,899	(2,379,899)				
Loans and other receivables	389,678	(389,678)				
Receivables from Affiliated companies	250,469	(250,469)				
		3,393,412	(2,949)		3,390,463	Trade and other receivables
		77,872			77,872	Other financial assets
Inventories	965,057	95,907	19,239		1,080,203	Inventories
Advance payments to suppliers	157,817	59,962			217,779	Advance payments to suppliers
Deferred income taxes	45,780	(45,780)				
Other current assets	258,953	(21,179)	(3)		237,771	Other current assets
Allowance for doubtful receivables	(23,809)	23,809				
Total current assets	6,175,276	202,848	16,496		6,394,620	Total current assets
Investments and non-current receivables:						Non-current assets
Investments in and advances to Affiliated companies	2,097,976	(2,097,976)				
		1,981,225	(429,296)	1,3,4	1,551,929	Investments accounted for using the equity method
Joint investments in real estate	62,290	(62,290)				
Other investments	1,414,584	4,786	1,056,282	1,4	2,475,652	Other investments
Non-current notes, loans and accounts receivable—trade	549,712	(13,644)	(2,838)		533,230	Trade and other receivables
Allowance for doubtful receivables	(30,508)	30,508				
		92,597			92,597	Other financial assets
Total investments and non-current receivables	4,094,054					
Property and equipment						
Total	3,265,380					
Less accumulated depreciation	(1,294,466)					
Property and equipment—net	1,970,914	(180,953)	(96,022)	2,3	1,693,939	Property and equipment
		164,260	(9,785)	3	154,475	Investment property
Goodwill	60,498	(60,498)				
Other intangible assets—net	107,086	(107,086)				
		166,200	(2,266)		163,934	Intangible assets and goodwill
		18,615	21,777	7	40,392	Deferred tax assets
Other assets	180,492	(113,742)	232		66,982	Other non-current assets
		(177,998)	538,084		6,773,130	Total non-current assets
Total assets	¥12,588,320	¥24,850	¥554,580		¥13,167,750	Total assets

LIABILITIES AND EQUITY	Millions of Yen U.S.GAAP	Reclassification	Difference in recognition and measurement	Notes	IFRS	LIABILITIES AND EQUITY
Current liabilities:						Current liabilities
Short-term debt	¥886,431	¥(886,431)				
Current maturities of long-term debt	435,221	(435,221)				
		1,321,652			¥1,321,652	Borrowings
Notes and acceptances payable—trade	206,049	(206,049)				
Accounts payable—trade	2,108,171	(2,108,171)				
Payables to Affiliated companies	186,094	(186,094)				
		2,580,946	¥(11)		2,580,935	Trade and other payables
		80,157			80,157	Other financial liabilities
Advances from customers	160,795	46,762			207,557	Advances from customers
Accrued income taxes	32,360	(42)	3,248		35,566	Income tax payables
Other accrued expenses	118,877	(118,877)				
Other current liabilities	331,968	48,639	(16,443)		364,164	Other current liabilities
Total current liabilities	4,465,966	137,271	(13,206)		4,590,031	Total current liabilities
Non-current liabilities:						Non-current liabilities
Long-term debt, less current maturities	3,760,101				3,760,101	Borrowings
		81,373	(2,838)		78,535	Trade and other payables
		36,169			36,169	Other financial liabilities
Accrued pension and severance liabilities	51,345	8,714			60,059	Accrued pension and retirement benefits
Deferred income taxes	199,051	(55,146)	263,003	7	406,908	Deferred tax liabilities
Other non-current liabilities	285,080	(183,531)			101,549	Other non-current liabilities
Total non-current liabilities	4,295,577	(112,421)	260,165		4,443,321	Total non-current liabilities
Total liabilities	8,761,543	24,850	246,959		9,033,352	Total liabilities
Commitments and contingencies						
Mitsubishi Corporation shareholders' equity						Equity
Common stock	204,447				204,447	Common stock
Additional paid-in capital	262,039				262,039	Additional paid-in capital
Less treasury stock	(20,565)				(20,565)	Treasury stock
Accumulated other comprehensive income (loss):						Other components of equity
Net unrealized gains on available for sale securities	230,362		316,345		546,707	Other investments designated as FVTOCI
Net unrealized losses on derivatives	(8,433)		(1,722)		(10,155)	Cash flow hedges
Defined benefit pension plans	(78,303)		78,303			
Foreign currency translation adjustments	(426,450)		426,450			Exchange differences on translating foreign operations
Sub-total	(282,824)		819,376	1,5,6	536,552	Total other components of equity
Retained earnings	3,344,721		(553,723)	8	2,790,998	Retained earnings
Total Mitsubishi Corporation shareholders' equity	3,507,818		265,653		3,773,471	Equity attributable to owners of the Parent
Non-controlling interest	318,959		41,968	1,3	360,927	Non-controlling interest
Total equity	3,826,777		307,621		4,134,398	Total equity
Total liabilities and equity	¥12,588,320	¥24,850	¥554,580		¥13,167,750	Total liabilities and equity

Adjustment to equity for the year ended March 31, 2013

ASSETS	U.S.GAAP	Reclassification	Difference in recognition and measurement	Notes	IFRS	ASSETS
	Millions of Yen					
Current assets:						Current assets
Cash and cash equivalents	¥1,345,755	¥1,154	¥(989)		¥1,345,920	Cash and cash equivalents
Time deposits	123,654				123,654	Time deposits
Short-term investments	26,880		279		27,159	Short-term investments
Notes receivable—trade	341,810	(341,810)				
Accounts receivable—trade	2,505,518	(2,505,518)				
Loans and other receivables	455,373	(455,373)				
Receivables from Affiliated companies	288,113	(288,113)				
		3,600,403	(2)		3,600,401	Trade and other receivables
		136,984	595		137,579	Other financial assets
Inventories	1,202,295	40,778	(54,343)		1,188,730	Inventories
Advance payments to suppliers	145,270	54,630			199,900	Advance payments to suppliers
Deferred income taxes	62,135	(62,135)				
Other current assets	358,374	(74,119)	(188)		284,067	Other current assets
Allowance for doubtful receivables	(28,917)	28,917				
Total current assets	6,826,260	135,798	(54,648)		6,907,410	Total current assets
Investments and non-current receivables:						Non-current assets
Investments in and advances to Affiliated companies	2,554,161	(2,554,161)				
		2,418,587	15,763	1,3	2,434,350	Investments accounted for using the equity method
Joint investments in real estate	31,393	(31,393)				
Other investments	1,497,521	1,991	749,512	1	2,249,024	Other investments
Non-current notes, loans and accounts receivable—trade	663,884	15,797	(3,398)		676,283	Trade and other receivables
Allowance for doubtful receivables	(29,528)	29,528				
		112,186			112,186	Other financial assets
Total investments and non-current receivables	4,717,431					
Property and equipment						
Total	3,952,731					
Less accumulated depreciation	(1,465,267)					
Property and equipment—net	2,487,464	(89,652)	(134,202)	2,3	2,263,610	Property and equipment
		126,425	(9,640)	3	116,785	Investment property
Goodwill	60,859	(60,859)				
Other intangible assets—net	123,401	(123,401)				
		182,849	(2,266)		180,583	Intangible assets and goodwill
		51,022	6,388	7	57,410	Deferred tax assets
Other assets	195,250	(129,140)	987		67,097	Other non-current assets
		(50,221)	623,144		8,157,328	Total non-current assets
Total assets	¥14,410,665	¥85,577	¥568,496		¥15,064,738	Total assets

LIABILITIES AND EQUITY	U.S.GAAP	Reclassification	Difference in recognition and measurement	Notes	IFRS	LIABILITIES AND EQUITY
	Millions of Yen					
Current liabilities:	¥799,983	¥(799,983)				Current liabilities
Short-term debt	590,976	(590,976)				
Current maturities of long-term debt						
		1,390,959			¥1,390,959	Borrowings
Notes and acceptances payable—trade	199,954	(199,954)				
Accounts payable—trade	2,230,074	(2,230,074)				
Payables to Affiliated companies	227,354	(227,354)				
		2,725,384	¥(2)		2,725,382	Trade and other payables
		117,087			117,087	Other financial liabilities
Advances from customers	136,416	47,101			183,517	Advances from customers
Accrued income taxes	56,345				56,345	Income tax payables
Other accrued expenses	126,867	(126,867)				
Other current liabilities	360,144	66,523	(69,117)		357,550	Other current liabilities
Total current liabilities	4,728,113	171,846	(69,119)		4,830,840	Total current liabilities
Non-current liabilities:						Non-current liabilities
Long-term debt, less current maturities	4,498,683				4,498,683	Borrowings
		80,677	(2,816)		77,861	Trade and other payables
		53,389			53,389	Other financial liabilities
Accrued pension and severance liabilities	57,702	7,921			65,623	Accrued pension and retirement benefits
Deferred income taxes	264,616	(47,294)	264,706	7	482,028	Deferred tax liabilities
Other non-current liabilities	305,501	(180,962)			124,539	Other non-current liabilities
Total non-current liabilities	5,126,502	(86,269)	261,890		5,302,123	Total non-current liabilities
Total liabilities	9,854,615	85,577	192,771		10,132,963	Total liabilities
Commitments and contingencies						
Mitsubishi Corporation shareholders' equity						Equity
Common stock	204,447				204,447	Common stock
Additional paid-in capital	262,705		(718)		261,987	Additional paid-in capital
Less treasury stock	(17,970)				(17,970)	Treasury stock
Accumulated other comprehensive income (loss):						Other components of equity
Net unrealized gains on available for sale securities	305,447		381,412		686,859	Other investments designated as FVTOCI
Net unrealized losses on derivatives	(4,768)		(2,210)		(6,978)	Cash flow hedges
Defined benefit pension plans	(87,887)		87,887			
Foreign currency translation adjustments	(90,265)		456,979		366,714	Exchange differences on translating foreign operations
Sub−total	122,527		924,068	1,5	1,046,595	Total other components of equity
Retained earnings	3,607,989		(585,941)	8	3,022,048	Retained earnings
Total Mitsubishi Corporation shareholders' equity	4,179,698		337,409		4,517,107	Equity attributable to owners of the Parent
Non-controlling interest	376,352		38,316	1,3	414,668	Non-controlling interest
Total equity	4,556,050		375,725		4,931,775	Total equity
Total liabilities and equity	¥14,410,665	¥85,577	¥568,496		¥15,064,738	Total liabilities and equity

Adjustment to comprehensive income for the year ended March 31, 2013

	Millions of Yen					
	U.S.GAAP	Reclassification	Difference in recognition and measurement	Notes	IFRS	
Revenues						
Revenues from trading, manufacturing and other activities	¥5,376,773					
Trading margins and commissions on trading transactions	592,001					
Total revenues	5,968,774	¥40,185	¥928		¥6,009,887	Revenues
Cost of revenues from trading, manufacturing and other activities	(4,939,117)	(15,941)	104	3	(4,954,954)	Costs of revenues
Gross profit	1,029,657	24,244	1,032		1,054,933	Gross profit
Other income (expense)						
Selling, general and administrative	(889,955)	(5,827)	9,870	5	(885,912)	Selling, general and administrative expenses
Provision for doubtful receivables	(5,827)	5,827				
Interest expense (net of interest income)	(5,990)	5,990				
Dividend income	144,593	(144,593)				
Gain on marketable securities and investments—net	34,132	(6,776)	(15,040)	1	12,316	Gains on investments
Loss on property and equipment—net	(24,436)	24,436				
		7,133	(5)		7,128	Gains on sale and disposal of long-lived assets
		(29,480)	(42,521)	2,3	(72,001)	Impairment losses on long-lived assets
Other income - net	55,032	(20,901)	(1,826)		32,305	Other income - net
Total	(692,451)					
		168,089	(15,050)		153,039	Finance income
		(26,922)			(26,922)	Finance costs
Income before income taxes and equity in earnings of Affiliated companies and other	337,206					
Equity in earnings of Affiliated companies and other	164,274	(1,220)	4,786		167,840	Income from investments accounted for using the equity method
			(58,754)		442,726	Income before income taxes
Income taxes						
Current	(120,552)					
Deferred	7,066					
Total	(113,486)		14,384	7	(99,102)	Income taxes
Net income	387,994		¥(44,370)		¥343,624	Net income
Less net income attributable to the non-controlling interest	(27,966)	27,966				
						Net income attributable to:
Net income attributable to Mitsubishi Corporation	¥360,028		¥(36,571)		¥323,457	Owners of the Parent
		¥27,966	(7,799)		20,167	Non-controlling interest

	Millions of Yen					
	U.S.GAAP	Reclassification	Difference in recognition and measurement	Notes	IFRS	
Net income	¥387,994		¥(44,370)		¥343,624	Net income
Other comprehensive income (loss), net of tax						
Net unrealized gains on available-for-sale securities	76,992	¥(76,992)				
Net unrealized gains on derivatives	3,036	(3,036)				
Defined benefit pension plans	(10,171)	10,171				
Foreign currency translation adjustments	351,518	(351,518)				
						Other comprehensive income (loss), net of tax
						Items that will not be reclassified to net income:
		76,992	90,767		167,759	Gains on other investments designated as FVTOCI
		(10,171)	(5,805)		(15,976)	Remeasurement of defined benefit pension plans
		66,821	84,962		151,783	Total
						Items that may be reclassified to net income:
		3,036	(494)		2,542	Cash flow hedges
		351,518	26,398		377,916	Exchange differences on translating foreign operations
		354,554	25,904		380,458	Total
Total other comprehensive income(loss), net of tax	421,375		110,866		532,241	Total other comprehensive income, net of tax
Comprehensive income	809,369		¥66,496		¥875,865	Total comprehensive income
Comprehensive income attributable to the non-controlling interest	(43,990)	43,990				
						Comprehensive income attributable to:
Comprehensive income attributable to Mitsubishi Corporation	¥765,379		¥72,474		¥837,853	Owners of the Parent
		¥43,990	(5,978)		38,012	Non-controlling interest

Notes on reclassification of the consolidated statement of financial position

As a result of the adoption of IFRS, the presentation of the following items previously reported under U.S.GAAP in the consolidated statement of financial position has been changed, but the consolidated statement of income, other comprehensive income and retained earnings have not been affected.

(i) Under U.S.GAAP, the operating assets and liabilities were accrued and classified as non-current items when they were not expected to be realized or settled within 1 year of the date of the consolidated balance sheet date. However, under IFRS, assets and liabilities are classified as current even when they are realized/settled more than a year later, as long as they are assets/liabilities in the normal operating cycle. Therefore, the corresponding assets/liabilities have been reclassified from non-current to current.

(ii) Under U.S.GAAP, the deferred tax assets/liabilities are classified as current and non-current assets/liabilities in the consolidated balance sheets. However, IFRS requires all deferred tax assets and liabilities to be presented as non-current.

(iii) Under U.S.GAAP, derivative receivables and payables to/from the same counterparties with master netting agreements were offset and presented net on the consolidated balance sheet. However, under IFRS, derivative receivables and payables are offset and presented net only if the counterparty currently has a legally enforceable right of set-off and has the intention to settle net or settle simultaneously.

The presentation of other items is aggregated/separated in accordance with IFRS.

Notes on differences in recognition and measurement

1. Securities and investments

Under U.S.GAAP, the Company classified debt securities and marketable equity securities based on the Company's intent to hold, into either trading or available-for-sale securities. Trading securities are measured at fair value, and unrealized gains (losses) are recognized in net income during the period. Available-for-sale securities are measured at fair value, and unrealized gains (losses) are recognized, net of tax, in accumulated other comprehensive income (loss).

Investments in non-marketable equity securities of unaffiliated companies (including preferred stock) are carried at cost ("cost method investments") as their fair value is not readily determinable.

The Company reviewed investments in marketable and non-marketable securities for impairment at each reporting period. If the fair value of any individual investment has declined below its carrying amount and if such decline is other-than-temporary, the difference between the fair value and carrying amount is recognized as an impairment loss.

If securities or investments are derecognized, the difference between the disposal price and the carrying amount is recognized in the consolidate statement of income, and accumulated other comprehensive income (loss) is reclassified into net income.

Under IFRS, debt securities are measured at amortized cost or fair value and equity securities are measured at fair value, regardless of its marketability.

Financial assets other than those measured at amortized cost are measured at fair value, and in principle, changes in their fair value are recognized in profit or loss (FVTPL). However, changes in the fair value of equity instruments designated as FVTOCI are recognized in other comprehensive income.

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 net income. Dividend income from financial assets measured at FVTOCI is recognized in net income, as part of finance income at the time when the right to receive payment of the dividend is established as a shareholder.

The impact of this change is as follows (figures in parentheses indicate an expense, loss or decrease of assets, liabilities and equity).

Consolidated statement of financial position

	Millions of Yen	
	Date of Transition	2013
Investments accounted for using the equity method	¥39,486	¥32,847
Other investments	597,297	727,993
Deferred tax liabilities (net amount after being offset against deferred tax assets)	215,741	261,700
Other components of equity	282,470	349,089
Non-controlling interest	47,473	52,968
Retained earnings	91,309	97,492

Consolidated statement of income

	Millions of Yen 2013
Gains on investments	¥(15,978)
Income before income taxes	(18,459)

2.Impairment of non-financial assets

Under U.S.GAAP, when assessing for impairment of a long-lived asset, recoverability of the asset is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset, and an impairment loss is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Recognized impairment losses are not subject to reversal.

Under IFRS, the difference between the carrying amount and the recoverable amount (the higher of the value in use or the fair value less costs to sell) of the long-lived asset is recognized as an impairment loss. Value in use is calculated by discounting the estimated future cash flows to the present value using the pre-tax risk adjusted discount rate specific to the asset or the cash-generating unit. If indications of impairment of long-lived assets other than goodwill no longer exist, impairment loss recognized in the past is reversed to the lower of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years or the recoverable amount.

As a result of this change, at the Date of Transition, an impairment loss due to the decline in profitability associated with the increased production costs for certain oil and gas properties held by a consolidated subsidiary in the Energy Business segment was recognized and for the year ended March 31, 2013 an impairment loss mainly due to the decline in profitability associated with the deterioration of market conditions in the paper and pulp market for facilities for the paper-manufacturing-related business in North America held by a consolidated subsidiary in the Living Essentials segment, impairment loss due to the decline in profitability associated with the deterioration of market conditions for vessels held by the Machinery segment, and impairment loss due to the decline in profitability associated with the deterioration in the business environment surrounding mining rights held by a consolidated subsidiary in the Metals segment were recognized.

The impact of this change is as follows (figures in parentheses indicate an expense, loss or decrease of assets, liabilities and equity).

Consolidated statement of financial position

	Millions of Yen	
	Date of Transition	2013
Property and equipment	¥(8,568)	¥(54,038)
Deferred tax liabilities (net amount after being offset against deferred tax assets)	23	(13,091)
Retained earnings	(8,564)	(31,273)

Consolidated statement of income

	Millions of Yen
	2013
Impairment losses on long-lived assets	¥(43,913)
Income before income taxes	(44,536)

3. Deemed cost

The Company has applied the optional exemption to measure certain items of property and equipment (e.g., real estate, aircraft and vessels) and investment property at the Date of Transition at their fair value and used it as the deemed cost for such assets. At the Date of Transition, the previous carrying amount of property and equipment and investment property to which the deemed cost election was applied was ¥248,539 million and ¥48,273 million, respectively, and the fair value was ¥161,242 million and ¥38,379 million, respectively.

The impact of this change is as follows (figures in parentheses indicate an expense, loss or decrease of assets, liabilities and equity).

Consolidated statement of financial position

	Millions of Yen	
	Date of Transition	2013
Investments accounted for using the equity method	¥(3,546)	¥(3,364)
Property and equipment	(87,297)	(78,682)
Investment property	(9,894)	(9,848)
Deferred tax liabilities (net amount after being offset against deferred tax assets)	(24,999)	(21,888)
Non-controlling interest	(7,742)	(7,073)
Retained earnings	(67,996)	(61,975)

Consolidated statement of income

	Millions of Yen
	2013
Costs of revenues	¥8,040
Impairment losses on long-lived assets	1,392
Income before income taxes	9,614

4.Equity method

Where the Company has become able to exert significant influence over an entity due to the additional acquisition of equity interests or other reasons, under U.S.GAAP, the Company recognizes the previously held equity interest in "Other investments" until the date the entity becomes an affiliated company. Then the Company retrospectively adjusts its investment into "Investments in and advances to Affiliated companies" in the consolidated financial statements.

Under IFRS, however, the Company recognizes the investment in "Other investments" until the date the entity becomes an affiliated company and from then on, in "Investments accounted for using the equity method".

Due to this change, at the Date of Transition, the Company recognizes the investment of ¥437,593 million in Anglo American Sur, a Chilean copper mining and smelting company, in "Investments in and advances to Affiliated companies" under U.S.GAAP and in "Other investments" under IFRS.

5. Employee benefits

Under U.S.GAAP, pension expenses related to defined benefit pension plans and severance indemnity plans are calculated based on amounts determined using actuarial methods. Actuarial gain (loss) and prior service cost (income) accrued during the current period but not recognized as components of pension benefit costs for the current period are recognized as accumulated other comprehensive income (loss) in amounts after taking tax effects into account. The amount recognized as accumulated other comprehensive income (loss) is subsequently adjusted by recognizing it as a component of pension benefit costs in the consolidated statement of income.

Under IFRS, all changes in net defined benefit liabilities (assets) arising from defined benefit pension plans and severance indemnity plans are recognized in full at the time of accrual, service cost and net interest are recognized in net income, and all other remeasurements are recognized as other comprehensive income and transferred immediately from other components of equity to retained earnings. Prior service cost (income) is immediately recognized as a component of pension benefit costs.

Under IFRS, if a defined benefit plan is overfunded, net defined benefit assets are measured at the lower of the overfunded amount or the asset ceiling (present value of future economic benefits available in the form of reduction in future contributions or a cash refund) of such defined benefit plan.

The impact of this change is as follows (figures in parentheses indicate an expense, loss or decrease of assets, liabilities and equity).

Consolidated statement of financial position

	Millions of Yen	
	Date of Transition	2013
Other components of equity	¥78,303	¥86,339
Retained earnings	(79,187)	(87,286)

Consolidated statement of income

	Millions of Yen
	2013
Selling, general and administrative expenses	¥9,584
Income before income taxes	10,949

6. Exchange differences on translating foreign operations

The Parent has opted to treat the cumulative amount of exchange differences on translating foreign operations at the Date of Transition as zero. This exemption is compliant with IFRS 1 and is applied to all foreign operations.

The cumulative amount of exchange differences of ¥(426,450) million at the Date of Transition was reclassified into retained earnings; this constituted a transfer within the Equity section and did not affect net assets.

7. Income taxes

Due to the aforementioned adjustments, deferred tax liabilities (net amount after being offset against deferred tax assets) increased as follows.

	Millions of Yen	
	Date of Transition	2013
Securities and investments	¥215,741	¥261,700
Impairment of non-financial assets	23	(13,091)
Deemed cost	(24,999)	(21,888)
Other	50,461	31,597
Increase in deferred tax liabilities (net amount after being offset against deferred tax assets)	¥241,226	¥258,318

The impact on the consolidated statement of income for the year ended March 31, 2013 decreased by ¥14,384 million compared to tax expenses under U.S.GAAP.

"Other" in the above table is primarily attributable to the following.

(i) Under U.S. GAAP, deferred tax assets for deductible temporary differences arising from investments in affiliated companies are recognized to the extent that the realization of the tax benefit is more likely than not. Under IFRS, deferred tax assets for deductible temporary differences arising from investments in affiliated companies are only recognized to the extent that it is probable that they are expected to reverse in the foreseeable future.

(ii) Under U.S. GAAP, in relation to deferred tax assets or liabilities previously recognized in other comprehensive income, changes in deferred taxes caused by changes in tax rates are recognized in net income for the year. However, under IFRS, these changes are recognized in other comprehensive income.

(iii) Under U.S. GAAP, the tax effects arising from the elimination of intercompany unrealized gains are recognized as prepaid taxes using the sellers' tax amounts. On the other hand, under IFRS, these tax effects are recognized as deferred tax assets using the purchasers' tax rates, with the temporary differences arising from the purchasers' assets.

8. Retained earnings

The impact of the aforementioned adjustment on retained earnings is as follows (figures in parentheses indicate a loss).

	Millions of Yen	
	Date of Transition	2013
Securities and investments	¥91,309	¥97,492
Impairment of non-financial assets	(8,564)	(31,273)
Deemed cost	(67,996)	(61,975)
Employee benefits	(79,187)	(87,286)
Exchange differences on translating foreign operations	(426,450)	(424,617)
Income taxes	(87,054)	(91,384)
Other	24,219	13,102
Retained earnings	¥(553,723)	¥(585,941)

"Other" in the above table is primarily attributable to the following.

(i) Under U.S. GAAP, where the reporting date of the financial statement of a subsidiary or a company accounted for using the equity method used in the preparation of the consolidated financial statements is different from the end of the reporting period of the Company, adjustments are not required for the effects of significant transactions or events that occur between that date and the reporting date of the Company's consolidated financial statements.

Under IFRS, where the reporting date of the financial statements of a subsidiary or a company accounted for using the equity method used in the preparation of the consolidated financial statements is different from the end of the reporting period of the Parent, the end of the reporting period should be unified unless it is impracticable to do so. In addition, under IFRS, where it is impracticable to unify the end of the reporting period, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the Company's consolidated financial statements. As a result, retained earnings increased by ¥17,157 million at the Date of Transition and by ¥476 million on March 31, 2013.

(ii) Under U.S.GAAP, 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. Under IFRS, IFRIC Interpretation 20 "Stripping Cost in the Production Phase of a Surface Mine" requires that stripping costs incurred during the production phase be allocated to the identified component of the ore body. As a result, retained earnings increased by ¥14,760 million at the Date of Transition and by ¥11,256 million on March 31, 2013.

Disclosure of significant adjustment items of consolidated statement of cash flows for the year ended March 31, 2013

There is no significant difference between the consolidated statement of cash flows disclosed in accordance with IFRS and the consolidated statement of cash flows disclosed in accordance with U.S. GAAP.

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Parent's Board of Directors on June 30, 2014

Appendix

1. List of subsidiaries

The Parent's subsidiaries as of March 31, 2014 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 Solar Corporation (Japan)	100.00
	Diamond Transmission Corporation Limited (U.K.)	100.00
	Mitsubishi Corporation Power Systems, Inc. (Japan)	100.00
	MCKG Port Holdings Corporation (Japan)	60.00
	Mitsubishi Corporation Machinery, Inc. (Japan)	100.00
	TRILITY Pty Ltd (Australia)	60.00
	Others (98 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
	Flexitech Holding K.K. (Japan)	77.76
	Jingumae425 (Japan)	0.00
	Lifetime Partners, Inc. (Japan)	100.00
	MC AI HOLDINGS Limited (Cayman Islands, British overseas territory)	100.00
	Mitsubishi Corporation Asset Management Ltd. (Japan)	100.00
	MC Asset Management Holdings, Inc. (U.S.A.)	100.00
	MC Aviation Financial Services (Europe) B.V. (The Netherlands)	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 Engine Leasing Limited (U.K.)	80.00
	MC GIP-UK Ltd. (U.K.)	100.00
	Mitsubishi Corporation LT, Inc. (Japan)	100.00
	Mitsubishi Corporation Urban Development, Inc. (Japan)	98.66
	Mitsubishi Corp.-UBS Realty Inc. (Japan)	51.00
	New Century Insurance Co., Ltd. (Bermuda, British overseas territory)	100.00
	Port South Aircraft Leasing Co., Ltd. (Japan)	100.00
	Seto Futo Co., Ltd. (Japan)	61.65 (20.00)
	Shina River Aviation Financing Co., Ltd. (Japan)	100.00
	TRM Aircraft Leasing Co., Ltd. (Japan)	100.00
	Others (126 Companies)	

Business Segment	Company Name	Voting Rights(%)
Energy Business Group	Angola Japan Oil Co., Ltd. (Japan)	51.00
	Cordova Gas Resources Ltd. (Canada)	67.50 (67.50)
	Cutbank Dawson Gas Resources Ltd. (Canada)	100.00 (100.00)
	Diamond Gas Resources Pty. Ltd. (Australia)	100.00
	Diamond Gas Sakhalin B.V. (The Netherlands)	100.00
	Diamond Tanker Pte. Ltd. (Singapore)	100.00
	Mitsubishi Shoji Sekiyu Co., Ltd. (Japan)	100.00
	MPDC Gabon Co., Ltd. (Japan)	75.00
	Onahama Petroleum Co., Ltd. (Japan)	85.00
	Petro-Diamond Singapore (Pte) Ltd. (Singapore)	100.00
	Tomori E&P Ltd. (U.K.)	51.00
	Others (59 Companies)	
Metals Group	Hernic Ferrochrome (Pty) Ltd. (Republic of South Africa)	50.98 (50.98)
	Isuzu Corporation (Japan)	56.60 (56.60)
	JECO Corporation (Japan)	70.00
	Kyushu Steel Corporation (Japan)	55.50 (55.50)
	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)
	MC RESOURCE DEVELOPMENT LTD. (U.K.)	100.00
	MCQ COPPER LTD. (U.K.)	100.00
	Metal One Corporation (Japan)	60.00
	Metal One Holdings America, Inc. (U.S.A.)	92.00 (92.00)
	Metal One Specialty Steel Corporation (Japan)	100.00 (100.00)
	Metal One Structural Steel & Resource 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
	M.O. TEC CORPORATION (Japan)	100.00 (100.00)
	Ryowa Development Pty. Ltd. (Australia)	100.00
	Ryowa Development II Pty. Ltd. (Australia)	100.00
	Sus-Tech Corporation (Japan)	64.48 (64.48)
	Tamatsukuri Corporation (Japan)	97.31 (97.31)
	Triland Metals Ltd. (U.K.)	100.00 (9.09)
	Others (119 Companies)	

Business Segment	Company Name	Voting Rights(%)
Machinery Group	Diamond Camellia S.A. (Panama)	100.00
	Diamond Star Shipping Pte. Ltd. (Singapore)	100.00
	Isuzu UTE Australia Pty Ltd. (Australia)	100.00
	MC Factoring Rus LLC. (Russia)	100.00 (100.00)
	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)	96.83
	PT. 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 Co., Ltd. (Thailand)	88.73 (41.66)
	Zao MC Bank Rus (Russia)	100.00 (100.00)
	Others (80 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
	MC Food Specialties Inc. (Japan)	81.02
	Mitsubishi Corporation Life Sciences Limited (Japan)	100.00
	Mitsubishi Shoji Chemical Corp. (Japan)	100.00
	Mitsubishi Shoji Plastics Corp. (Japan)	100.00
	Others (35 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)
	Alpac Forest Products Inc. (Canada)	70.00
	California Oils Corporation (U.S.A.)	100.00
	Cape Flattery Silica Mines Pty., Ltd. (Australia)	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)
	Kentucky Fried Chicken Japan Ltd. (Japan)	65.97 (0.13)
	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)	59.90
	Nippon Care Supply Co., Ltd. (Japan)	74.78
	Nitto Fuji Flour Milling Co., Ltd. (Japan)	64.44
	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)	99.50
	TH FOODS, Inc. (U.S.A.)	53.16 (6.32)
	Toyo Reizo Co., Ltd. (Japan)	81.92
	YONEKYU CORPORATION (Japan)	71.02
	Others (136 Companies)	

Business Segment	Company Name	Voting Rights(%)
Others	IT Frontier Corporation (Japan)	100.00
	Human Link Corporation (Japan)	100.00
	MC Facilities Co., Ltd. (Japan)	100.00
	MC Finance & Consulting Asia Pte. Ltd. (Singapore)	100.00
	MC Finance Australia Pty Ltd. (Australia)	100.00
	MC Silicon Valley, Inc. (U.S.A.)	100.00
	Mitsubishi Corporation Finance PLC (U.K.)	100.00
	Mitsubishi Corporation Financial & Management Services (Japan) Ltd. (Japan)	100.00
	Others (9 Companies)	
Main Regional Subsidiaries	Mitsubishi Corporation International (Europe) Plc (U.K.)	100.00 (100.00)
	Mitsubishi Australia Ltd. (Australia)	100.00
	Mitsubishi Corporation (Americas) (U.S.A.)	100.00
	Mitsubishi Corp. do Brasil S.A. (Brazil)	100.00 (12.57)
	Mitsubishi Corporation (Hong Kong) Ltd. (Hong Kong)	100.00
	Mitsubishi Corporation (Shanghai) Ltd. (China)	100.00 (100.00)
	Mitsubishi Corporation (Korea) Ltd. (Korea)	100.00
	Mitsubishi International GmbH. (Germany)	100.00 (100.00)
	Mitsubishi Corporation (Taiwan) Ltd. (Taiwan)	100.00
	Thai-MC Company Ltd. (Thailand)	69.00 (45.00)
	Others (34 Companies)	

*The percentage in the parenthesis under "Voting Rights (%)"indicates the indirect ownership out of the total ownership noted above.

June 30, 2014

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.

Shuma Uchino, Chief Financial Officer, confirms that:

- to the best of his knowledge, the financial statements, prepared in accordance with accounting principles generally accepted in the United States of America, 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.