Annual Report 2007

Year ended March 31, 2007

Leading-Edge Logistics Solutions Provider

MITSUI-SOKO CO., LTD.

Profile

Mitsui-Soko Co., Ltd. ("the Company") was established in 1909. During the intervening years, Mitsui-Soko and its consolidated subsidiaries (hereafter "the Group") have steadily expanded their bases in principal cities across Japan while enlarging warehouse operations. Today, the Group provides a diverse range of logistics services in Japan and overseas, including port terminal operations and overland transportation, as well as a domestic real estate business that specializes in building leasing.

In addition to offering these traditional services, the Group believes that its mission is to provide customers with the services they require now and in the future in a mode best suited to their particular needs. Therefore, the Group offers integrated management of actual logistics for all stages of business operations, from customer production to sales, as well as the accompanying flow of information, as it strives to offer optimal logistics flows that match the requirements of each customer.

The Mitsui-Soko Group's fundamental policy is to supply logistics functions that are indispensable in such basic activities of industry as transportation and storage while contributing to society through these business activities. While responding quickly to changes in both the corporate environment and the foundations of industry, we will promote business operations that incorporate an awareness of corporate value and capital costs.

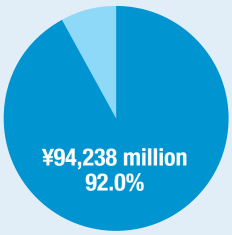
CONTENTS

Forward-looking Statements

Forward-looking statements made in this annual report concerning performance or business strategies have been determined according to assumptions and beliefs based on information available at the time, and contain elements of risk and uncertainty.

BUSINESS LINES

Logistics Business

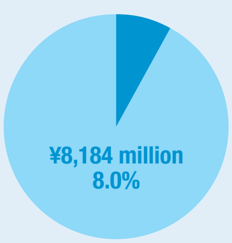


Net Sales by Business Segment
Fiscal 2007

Utilizing its proprietary know-how and information systems, Mitsui-Soko engages in an expansive Logistics business that includes freight storage operations encompassing freight storage and sorting, customs clearance and delivery; port terminal operations that include loading and unloading container ships, loading freight onto conventional ships, and sorting and storing freight at wharfs and warehouses; overland transportation operations for transporting items ranging from general merchandise to specialized cargo; value-added operations that include inspection, price-tagging, and sorting of delivered goods; international combined transportation services; international consolidated transport services; and air cargo handling services.

Mitsui-Soko also offers system logistics services that provide customized integrated logistics flows covering areas from overseas operations to domestic transportation, customs clearance, and domestic deliveries. In addition, Mitsui-Soko offers new services that respond closely to the needs of customers, such as a Business Process Outsourcing (BPO) that offers consulting services for the client's entire business process to help enhance corporate value.

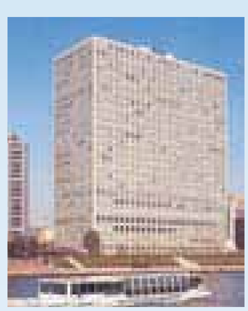
Real Estate Business



Net Sales by Business Segment
Fiscal 2007

Drawing on its extensive know-how about land use cultivated over long years, Mitsui-Soko engages in the redevelopment of urban real estate. We presently manage and operate new office buildings that incorporate the most advanced information-related functions, including the MSC Center Building located in the Tokyo bayside area as well as the Mitsui-Soko Hakozaki Building.

Facilities set to play a key role in the future include a pair of existing structures in Tokyo's Koto Ward that we are currently redeveloping. The MSC Fukagawa Building, a commercial rental building featuring a quake-absorbent structure and advanced management security, opened in July 2006, and construction of a multipurpose space for IT and other companies tentatively known as the MSC Fukagawa No. 2 Building is on schedule to be completed in December 2008.



Mitsui-Soko Highlights in Fiscal 2007

The Mitsui-Soko Group worked to increase its corporate value while further strengthening corporate governance during fiscal 2007, the second year of the "Medium-Term Plan 2005" three-year management plan.

In domestic operations, we completed our redevelopment project for existing warehouses in the three major metropolitan areas of Tokyo, Osaka, and Nagoya, with the new facilities coming online smoothly and beginning to make a contribution to the group's profits. Overseas, our continuing focus on strengthening our global network in response to Japanese companies' expanding business operations was reflected in enhancements to warehouse facilities and services in China and other locations across Northeast Asia.

As a result of these activities, the Group's consolidated performance in the fiscal year under review saw net sales post a year-on-year increase of 3.2% to ¥102,036 million, marking the first time the Group has surpassed ¥100 billion in sales. Operating income posted double-digit gains as it reached a new high for the fourth consecutive year, surging 15.4% to ¥6,504 million, while net income increased 1.7% to ¥3,289 million, reflecting an increase in extraordinary costs due to redevelopment and other projects.

As it became apparent in the second year of the "Medium-Term Plan 2005" that its targets would be achieved, the Group reviewed the medium-term management plan and adopted "Medium-Term Plan 2007," a new three-year plan, in November 2006. The new plan is set to take effect in April 2007.

TOPICS

Construction of Strategic Facilities in the Capital Region

Having identified Japan's capital region as a vital element of our logistics strategy, we are making steady progress redeveloping existing facilities and developing new facilities in the region in an effort to meet the "Medium-Term Plan 2007" management action targets of maximizing profits by accelerating a qualitative transformation of existing businesses and maximizing our cash return by improving investment efficiency.

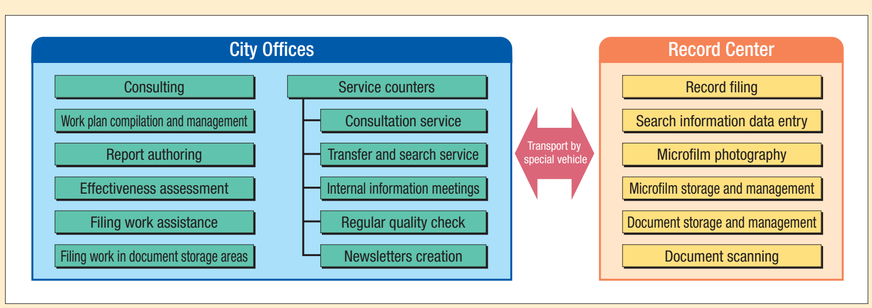
Expansion of the Data Storage Business in China

We are taking advantage of our domestic BPO business experience and know-how to expand our Record Management Business (RMB), a service that stores documents and other data, in South-East Asia, Hong Kong, Shanghai, and other locations.

*BPO (Business Process Outsourcing):
Consulting services that address a client's entire business process with the goal of increasing corporate value.

Document and Data Management Outsourcing Services for Local Government

We are providing comprehensive document and data management outsourcing services for Ichikawa City in Chiba Prefecture. With a broad reach that extends from consulting to operations, the project was conceived to satisfy the four goals of enhancing information security, complying with the need to make official documents available to the public, encouraging a paperless workflow at municipal offices, and introducing the practice of outsourcing.



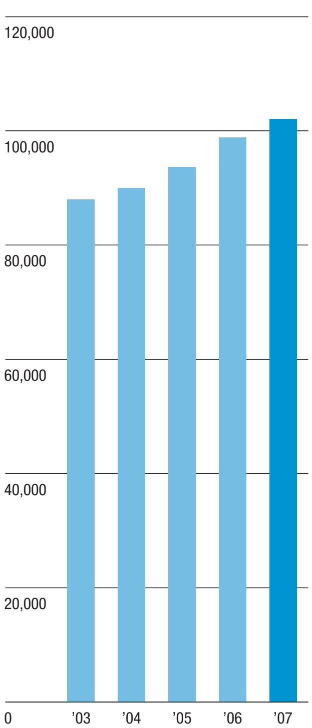
Consolidated Financial Highlights

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31

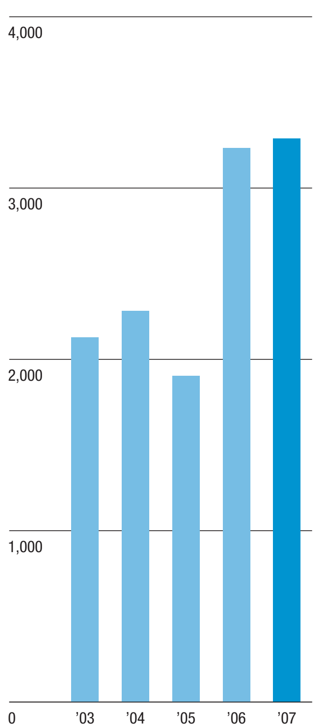
	Millions of Yen		*Thousands of U.S. Dollars*
	2007	*2006*	***2007***
For the year:			
Net sales	**¥102,036**	¥ 98,843	**$ 864,345**
Net income	**3,289**	3,234	**27,861**
At year-end:			
Total assets	**¥138,279**	¥124,632	**$1,171,356**
Net assets	**59,456**	60,281	**503,649**
	Yen		*U.S. Dollars*
Per share of common stock:			
Basic net income	**¥ 23.92**	¥ 22.91	**$ 0.20**
Cash dividends applicable to the year	**8.00**	7.50	**0.07**

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥118.05 to $1, the approximate rate of exchange at March 31, 2007. (See Note 1 of the Notes to Consolidated Financial Statements)

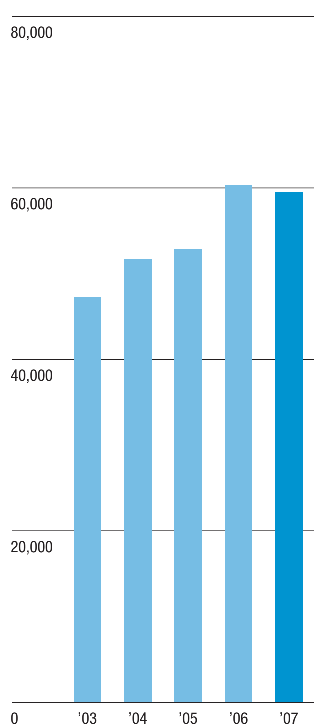
Net Sales
(Millions of yen)



Net Income
(Millions of yen)



Net Assets
(Millions of yen)



Kazuo Tamura
President

What can you tell us about current business conditions?

Business conditions in the logistics industry generally remain difficult. Although import and export freight volumes have been consistently high, in domestic freight we're seeing intensifying competition as customers continue to cut costs. With pricing for corporate services continuing to trend sideways, it would be difficult to argue that the deflationary trend has ended.

It was in this environment that the Group entered the second year of the "Medium-Term Plan 2005" three-year management plan, seeking to increase corporate value. We also worked to further strengthen corporate governance by building an internal control system and modifying our management system to comply with Japan's newly enacted Corporate Law.

In terms of our business operations, our aggressive pursuit of a redevelopment project for existing warehouses in the three major metropolitan areas of Tokyo, Osaka, and Nagoya paid off as all projects were completed on schedule. The new facilities have come online smoothly and are beginning to make a contribution to Group profits. Overseas, our continuing focus on strengthening our global network in response to Japanese companies' expanding business operations is reflected in enhancements to warehouse facilities and services in China and other locations across Northeast Asia.

The positive impact of these activities is apparent in the Group's consolidated financial statements for the fiscal year under review, with net sales surpassing ¥100 billion for the first time and both net sales and operating income posting increases for the fourth consecutive year. Meanwhile, net income increased slightly, reflecting an increase in extraordinary charges due to redevelopment and other projects.

The Board of Directors approved a year-end dividend of ¥4 per share at its May 2007 meeting and the annual dividend for the fiscal year under review was ¥8.00, up ¥0.5 from the previous fiscal year.

Could you summarize the key provisions of "Medium-Term Plan 2007"?

"Medium-Term Plan 2007," which began in April 2007, sets management action targets of maximizing profits by accelerating a qualitative transformation of existing business, maximizing our cash return by improving investment efficiency, and implementing reliable internal controls. Numeric targets for March 2010, the plan's final year, are operating income of ¥9.5 billion, an operating income margin of at least 8.5%, ROA of at least 7.0%, and ROE of at least 8.0%.

Specific steps being taken to achieve the goals set out in "Medium-Term Plan 2007" include increasing the quality and diversity of the services we offer, particularly Business Process Outsourcing (BPO) and similar businesses, and more aggressively pursuing strategic capital investments that serve as the basis for such operations. As a first stage in these efforts we are redeveloping existing facilities and developing new facilities in Japan's capital region in line with our identification of the central role this area will play in our logistics strategy.

Could you introduce readers to some of the strategic logistics facilities being built in the Japan's capital region?

We're constructing the tentatively named Misato Logistics Center in an industrial park in Soka City, Saitama Prefecture. This facility, which is scheduled for completion in April 2008, will be a state-of-the-art, multi-tenant logistics center. Thanks to its location near the Misato West Interchange on the Tokyo Gaikan Expressway, this logistics center provides easy access to a network of highways that includes the Tohoku and Joban Expressways, making it an ideal site for a facility that will handle deliveries throughout Japan's capital region. We plan to operate the new building as one of our new logistics facilities, in addition to leasing some of the floors to customers requiring logistics space.

In Tokyo's Koto Ward, we are following up the completion last July of the MSC Fukagawa Building with a second redevelopment in the Fukagawa area. The tentatively named MSC

Fukagawa No. 2 Building is scheduled to be completed in December 2008. It will replace a superannuated single-story warehouse with a six-story quake-absorbent structure and advanced management security, which we plan to lease to IT and other companies for use as a multipurpose space.

We also purchased land in Tatsumi, an area near the Shinkiba Interchange on the Metropolitan Expressway Gulf Line that provides easy access to major highways, as an alternative site in our redevelopment of the Fukagawa area. Here we plan to construct the Tatsumi Warehouse (scheduled for completion in January 2009), a new high-security, quake-absorbent logistics facility that will contribute to the development of our business by acting as a trunk room, record center, and distribution center capable of handling high-value-added freight.

We also plan to rebuild some of the Atsugi Warehouse's buildings in a new building with double the floor space, a renovation that will facilitate the facility's rebirth as a highly efficient logistics center (scheduled for completion in July 2008).

We expect these investments to total about ¥35 billion in land and construction costs. Going forward, in keeping with an appropriate financial strategy, efforts to improve our capital efficiency will include careful examination of strategic capital investment projects deemed likely to yield high profit and cash returns.

What changes have been made in the Company's organization to facilitate an expansion of the BPO business?

In April 2006 we created the BPO Business Division to bring together planning, coordination, and other functions associated with our BPO business. Whereas responsibility for the BPO business had been spread over a variety of departments and divisions that had a tendency to operate independently of one another, this new organization will enable us to move aggressively to expand that business by conducting a companywide reassessment of its role, upgrading its menu of services, and proposing tactical plans for expanding sales.

In addition to creating the BPO Business Division, we merged the BPO business division of Logistics Systems and Solutions Co., Ltd., and Mitsui-Soko Records Center Co., Ltd., (a former subsidiary responsible for record center operations) to form Mitsui-Soko Business Partners Co., Ltd. The new company collaborates with the BPO Business Division to execute a comprehensive, nationwide expansion of our BPO business.

Will the BPO business also be developed overseas?

Active efforts to develop our Record Management Business (RMB), which provides storage of data, documents and other materials, extend to overseas markets.

Our Group launched its overseas RMB nine years ago in Singapore. Even as we utilized internal resources through a trial and error process to make highly profitable document storage services a mainstay of our business, we welcomed highly experienced professionals to our team and built a proprietary system for growing the business. Today we store documents, tape, and film in Singapore, and we have grown into one of the country's leading RMB companies.

Taking advantage of the experience and know-how gained in Singapore, we launched RMB services in Hong Kong at the end of 2005 and in Shanghai in September 2006. The document storage market in China is experiencing extremely high demand. We will focus initial sales activities on Japanese companies, followed by an eventual expansion to Asian, European, and North American corporations, and ultimately we plan to offer services to the Chinese government and government-operated enterprises.

We're also looking to actively introduce RMB services outside Asia in locations such as Los Angeles and Düsseldorf where we maintain warehouse facilities and where there is customer demand for such services. We plan to differentiate our offerings from those of our competitors by expanding operations to countries worldwide, including managing and administering information assets over their entire life cycle, from documentation to disposal; scanning documents; and providing the necessary personnel and operational services. Ultimately we would like to develop RMB into a global standardized service as an integrated part of our BPO business, allowing customers to receive the same services at any Mitsui-Soko facility.

Can you describe any examples of leading-edge business initiatives?

We have moved beyond typical logistics outsourcing to offer an extensive range of services in our relationship with Ichikawa City's municipal government in Chiba Prefecture.

With a broad reach that extends from consulting to operations, these comprehensive document and data management outsourcing services are conceived to satisfy the four goals of enhancing information security, complying with the need to make official documents available to the public, speeding the adoption of a paperless workflow at municipal offices, and introducing the practice of outsourcing. Specifically, Company personnel assigned to service counters inside Ichikawa City Hall provide advice about topics such as document management and assist with filing and other clerical work. The most notable aspect of the service is the manner in which its support structure integrates government and private sector operations.

Mitsui-Soko Record Center, a special Company facility for document and information management, has been designated by Ichikawa City as an external document center, enabling it to play a central role in the outsourcing of document and information management operations. The facility offers multiple services including document filing, microfilm photography, and document scanning in an environment notable for its advanced management of security.

Faced with calls in recent years to improve the way information security is managed, particularly as regards personal information, local governments have investigated how they can make information available and have set about doing so. Given this situation, the question of how to manage the massive quantities of paper documents and other media that have accumulated over time is one of the most vexing challenges our communities face. Our services provide concrete, realistic solutions designed to work in the actual situations that these communities are grappling with. We plan to work aggressively to make a suite of services available in packaged form to local governments nationwide.

As the Company continues to achieve steady growth, what is your approach to the company's social responsibilities?

Our Group sees environmental conservation as one of its most important management challenges, and we seek to earn the trust of society by pursuing environmentally responsible business activities.

Key initiatives in this area include early efforts to receive Green Management Certification from the Transportation Ecology and Mobility Foundation, the accreditation organization officially recognized by the Ministry of Land, Infrastructure and Transport. By the end of June 2007 all of the Group's transport companies (18 offices) and 39 warehouse offices had been certified as environmentally responsible places of business in terms of energy conservation, waste product processing, and other aspects of their operations. Moreover, the Kita Osaka Warehouse (Settsu City, Osaka Prefecture) and Nishiharu Warehouse (Kita-Nagoya City, Aichi Prefecture), both of which were renovated to serve as hybrid logistics facilities capable of also acting as distribution centers, have been certified by the Ministry of Land, Infrastructure and Transport as environmentally friendly in accordance with the Law Concerning the Promotion of Integrated and Efficient Logistics Operations*.

"Medium-Term Plan 2007" continues to prioritize environmental management, and we remain committed to focusing resources on actively fulfilling our social responsibilities as a company.

**Enacted to improve mixed transport and streamline logistics by establishing multifunctional logistics facilities near expressway interchanges and large ports, with the primary purpose of increasing Japan's international competitiveness and reducing environmental impacts.*

Could you describe the outlook for the fiscal year ending March 2008?

The Japanese economy is forecast to undergo a brief correction during the first half of the year due to a combination of factors including a similar correction in the U.S. economy and inventory adjustments in IT-related assets. Subsequently we are looking for things to pick up during the second half of the year, and compared to this year we do not expect any significant market-changing factors.

In the logistics industry, it is forecast that imports and exports movement will slow somewhat as a result of these trends in the U.S. economy and that domestic freight movement will also continue to slow. These conditions will cause the industry to trend sideways or slightly down.

Faced with these conditions our customers are moving aggressively to upgrade logistics systems and cut costs across their operations in order to survive intense global competition. These efforts include legal compliance and environmental measures.

Based on an expectation that overall economic conditions will continue largely as they are now and reflecting the fact that the facilities we finished rebuilding last year will begin full operations this year, we are forecasting net sales of ¥104 billion, operating income of ¥7 billion, and net income of ¥3.4 billion.

Do you have a message for the Company's shareholders?

Structural changes in the logistics industry accompanying the ongoing globalization of the economy and business environment will continue along with intensifying competition to create an ever more pressing need for management to streamline and rationalize logistics operations.

Against this backdrop, the Mitsui-Soko Group will continue to pursue the "Medium-Term Plan 2007" new three-year medium-term management plan, working to maintain a balance between the dual imperatives of working as a company to create optimal logistics services for customers and to satisfy shareholders. We are also committed to making important management information available in a timely and appropriate manner.

I look forward to shareholders' understanding and support of the Company's future management direction that I have described here.

Directors, Corporate Auditors and Executive Officers

**Representative*

Directors

President	Kazuo Tamura*
Senior Managing Director	Jiro Kaeriyama*
Managing Directors	Yoshimasa Hayashi*
	Toshio Ohura*
	Shinichiro Sasao*
Directors	Hiromi Sugimoto
	Katsumi Namiki
	Gengo Kakimi
	Shigeru Shiraishi
Outside Director	Yasuaki Nakazawa

Corporate Auditors

Senior Corporate Auditor	Katsuhisa Nagata
Corporate Auditor	Hideo Kimura
Outside Corporate Auditors	Hitoshi Murata
	Kenichi Fujiwara
	Osamu Nakamoto

Executive Officers

Chief Executive Officer	Kazuo Tamura
Chief Operating Officer, Corporate Administration, Information Operation and Real Estate Business; Chief Financial Officer	Jiro Kaeriyama
Chief Operating Officer, Domestic Marketing Operations	Yoshimasa Hayashi
Chief Operating Officer, Port Terminal Operations	Toshio Ohura
Chief Operating Officer, General Affairs, Human Resources, Risk Management and Compliance	Shinichiro Sasao
Senior Executive Officer, Kanto Regional Operations	Hiromi Sugimoto
Senior Executive Officer, LIT and BPO Promotion	Katsumi Namiki
Senior Executive Officer, International Marketing Operations	Gengo Kakimi
Senior Executive Officer, Overseas Business Operations	Shigeru Shiraishi
Executive Officer, Real Estate Business	Kazuo Seki
Executive Officer, Kyushu Regional Operations	Fujihiro Horiba
Executive Officer, Chubu Regional Operations	Eiji Michise
Executive Officer, Kansai Regional Operations	Soji Takekuma
Executive Officer, Human Resources	Takeshi Namiki
Executive Officer, Corporate Administration	Makoto Ikari

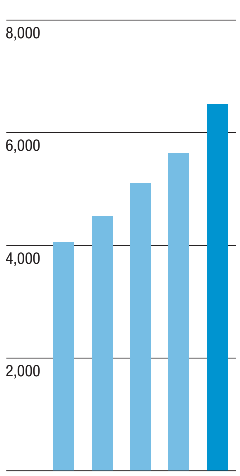
Front, from left: Kazuo Tamura, Jiro Kaeriyama
Rear, from left: Yoshimasa Hayashi, Toshio Ohura, Shinichiro Sasao

Consolidated Five-Year Summary of Selected Financial Data

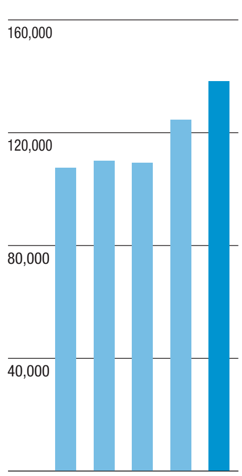
MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31

	Millions of Yen					Thousands of U.S. Dollars (Note 1)
	2007	2006	2005	2004	2003	**2007**
For the year:						
Net sales	**¥102,036**	¥ 98,843	¥ 93,638	¥ 90,007	¥ 88,021	**$ 864,345**
Operating income	**6,504**	5,635	5,116	4,519	4,051	**55,095**
Net income	**3,289**	3,234	1,903	2,282	2,128	**27,861**
Net cash provided by operating activities	**7,641**	7,303	8,840	6,903	8,155	**64,725**
At year-end:						
Total assets	**¥138,279**	¥124,632	¥109,278	¥110,063	¥107,614	**$1,171,356**
Net assets	**59,456**	60,281	52,872	51,669	47,299	**503,649**
Per share of common stock (in yen and U.S. dollars):						
Basic net income	**¥ 23.92**	¥ 22.91	¥ 13.36	¥ 16.23	¥ 15.12	**$ 0.20**
Net assets	**429.32**	432.23	379.06	370.53	339.19	**3.64**
Cash dividends applicable to the year	**8.00**	7.50	7.00	6.00	6.00	**0.07**
Ratios:						
Equity ratio (%)	**41.9**	48.4	48.4	46.9	44.0	
Return on equity (%)	**5.6**	5.7	3.6	4.6	4.5	
Interest coverage ratio (times)	**14.5**	12.7	13.9	8.2	8.7	
Price/Earnings ratio (times)	**32.6**	29.9	30.2	23.0	15.7	
Number of employees	**3,126**	3,047	2,981	2,859	2,773	
Number of shareholders	**6,201**	8,128	8,096	8,300	8,715	

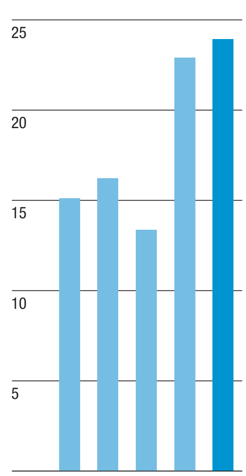
Operating Income
(Millions of yen)



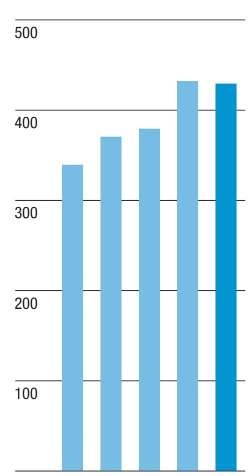
Total Assets
(Millions of yen)



Basic Net Income per Share
(Yen)



Net Assets Per Share
(Yen)



Business Results

Net Sales

During the fiscal year ended March 31, 2007, net sales rose ¥3,193 million (3.2%) to ¥102,036 million amid generally good performance apart from a downturn in revenue from port transport operations. Domestic net sales increased ¥1,547 million (1.8%) to ¥86,043 million, while overseas net sales rose ¥1,963 million (11.0%) to ¥19,746 million. Corporate eliminations increased ¥317 million to ¥3,753 million.

Net sales in the Logistics business increased ¥2,725 million (3.0%) to ¥94,238 million, while net sales in the Real Estate business dropped ¥460 million (6.0%) to ¥8,184 million.

Cost of Sales and SG&A Expenses

Cost of sales rose ¥2,252 million (2.6%) to ¥89,255 million as a result of increases in direct operational costs associated with increased net sales and increases in depreciation expenses associated with growth in fixed assets. Cost of sales as a percentage of net sales fell 0.5 percentage points to 87.5%, reflecting a reduction in temporary costs incurred during the last fiscal year as a result of the redevelopment projects.

Selling, general and administrative (SG&A) expenses rose ¥72 million (1.2%) to ¥6,277 million.

Operating Income

Operating income rose ¥869 million (15.4%) to ¥6,504 million on the success of groupwide cost reduction efforts.

Operating income in the Logistics business rose ¥670 million (15.5%) to ¥4,982 million thanks to dramatic growth in general logistics operations. Operating income in the Real Estate business increased ¥370 million (8.9%) to ¥4,539 million due to a reduction in charges for property taxes and repair expenses.

Other Income (Expenses)

Other expenses—net rose ¥490 million (179.5%) to ¥763 million, compared to ¥273 million in the previous fiscal year.

Net interest expense after deducting interest and dividend income from interest expense declined ¥89 million from ¥364 million in the last year to ¥275 million. The decline was primarily due to an increase in dividend income.

Net Income

Income before income taxes and minority interests increased ¥379 million (7.1%) to ¥5,741 million. Income taxes as a percentage of income before income taxes and minority interests rose 2.6 percentage points to 41.0% from last year's 38.4%, 0.3 points higher than Japan's effective statutory tax rate of 40.7%. The increase in tax liability was due to the expiration of a tax deduction for IT investment.

Net income rose ¥55 million (1.7%) to ¥3,289 million, and net income per share increased ¥1.01 to ¥23.92 from last year's ¥22.91.

Financial Position

Assets and Equity

Total assets increased ¥13,647 million to ¥138,279 million as an increase in accounts receivable deriving from expanded sales, combined with a rise in property, plant and equipment, offset a drop in investment securities due to a downturn in the stock market.

Equity was ¥59,456 million as an increase in retained earnings was offset by share buy-backs and a reduction in unrealized gains on investment securities.

Cash Flows

Net cash provided by operating activities grew ¥338 million to ¥7,641 million owing to lower corporate tax payments.
Net cash used in investing activities increased ¥7,703 million to ¥18,504 million due to a marked increase in purchases of property, plant and equipment.

Net cash provided by financing activities increased ¥10,208 million to ¥13,148 million as a result of an increase in proceeds from corporate bonds and long-term debt associated with capital investment, combined with an increase in expenditures due to the acquisition of treasury stock.

As a result of these activities, cash and cash equivalents, end of year increased ¥2,420 million to ¥8,801 million.

Consolidated Balance Sheets

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
March 31, 2007 and 2006

Assets

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
CURRENT ASSETS:			
Cash and cash equivalents	¥ 8,801	¥ 6,381	$ 74,554
Time and other deposits other than cash equivalents	388	331	3,288
Marketable securities (Note 3)		7	
Receivables:			
Trade notes and accounts	16,790	16,345	142,228
Unconsolidated subsidiaries and associated companies	81	75	689
Other	1,125	846	9,526
Deferred tax assets (Note 8)	768	756	6,505
Other current assets	2,097	1,750	17,767
Allowance for doubtful accounts	(69)	(52)	(585)
Total current assets	29,981	26,439	253,972
PROPERTY, PLANT AND EQUIPMENT (Note 4)**:**			
Land	22,102	12,497	187,224
Buildings and structures	119,970	115,323	1,016,268
Machinery and equipment	14,044	14,099	118,964
Other	7,144	7,095	60,514
Construction in progress	3,506	3,263	29,703
Total	166,766	152,277	1,412,673
Accumulated depreciation	(90,035)	(87,992)	(762,689)
Net property, plant and equipment	76,731	64,285	649,984
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 4)	21,622	24,320	183,159
Investments in unconsolidated subsidiaries and associated companies	1,271	1,225	10,765
Long-term loans	279	246	2,364
Intangible assets (Note 4)	4,934	4,871	41,792
Prepaid pension cost (Note 5)	462	339	3,911
Deferred tax assets (Note 8)	658	655	5,576
Other assets	2,347	2,268	19,882
Allowance for doubtful accounts	(6)	(16)	(49)
Total investments and other assets	31,567	33,908	267,400
TOTAL	¥138,279	¥124,632	$1,171,356

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts	**¥ 8,498**	¥ 8,771	**$ 71,984**
Unconsolidated subsidiaries and associated companies	**332**	340	**2,812**
Other	**1,250**	1,750	**10,585**
Short-term borrowings (Note 4)	**754**	2,747	**6,385**
Current portion of long-term debt (Note 4)	**6,262**	5,372	**53,043**
Accrued expenses	**2,526**	2,164	**21,399**
Income taxes payable	**1,182**	1,060	**10,015**
Deposits received	**3,996**	3,469	**33,855**
Other current liabilities	**683**	608	**5,790**
Total current liabilities	**25,483**	26,281	**215,868**
LONG-TERM LIABILITIES:			
Long-term debt (Note 4)	**43,384**	25,142	**367,506**
Liability for retirement benefits (Note 5)	**3,294**	3,871	**27,905**
Deferred tax liabilities (Note 8)	**4,405**	5,323	**37,308**
Other long-term liabilities	**2,257**	2,196	**19,120**
Total long-term liabilities	**53,340**	36,532	**451,839**
MINORITY INTERESTS		1,538	
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 9, 10 and 11)			
EQUITY (Notes 6 and 13)**:**			
Common stock—authorized, 400,000,000 shares; issued, 139,415,013 shares in 2007 and 2006	**11,101**	11,101	**94,034**
Capital surplus	**5,563**	5,563	**47,125**
Retained earnings	**36,280**	34,104	**307,332**
Unrealized gain on available-for-sale securities	**8,517**	10,351	**72,151**
Foreign currency translation adjustments	**(639)**	(824)	**(5,416)**
Treasury stock—at cost, 4,518,079 shares in 2007 and 44,200 shares in 2006	**(2,908)**	(14)	**(24,634)**
Total	**57,914**	60,281	**490,592**
Minority interests	**1,542**		**13,057**
Total equity	**59,456**	60,281	**503,649**
TOTAL	**¥138,279**	¥124,632	**$1,171,356**

Consolidated Statements of Income

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
NET SALES	**¥102,036**	¥ 98,843	**$ 864,345**
COST OF SALES	**89,255**	87,003	**756,080**
Gross profit	**12,781**	11,840	**108,265**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**6,277**	6,205	**53,170**
Operating income	**6,504**	5,635	**55,095**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**352**	209	**2,983**
Interest expense	**(627)**	(573)	**(5,309)**
Foreign exchange gain—net	**22**	32	**188**
Gain on sales of investment securities	**496**	331	**4,205**
Loss on disposals of property, plant and equipment	**(607)**	(404)	**(5,145)**
Gain on sales of property, plant and equipment—net	**294**		**2,490**
Loss on liquidation of receivables	**(287)**		**(2,434)**
Other—net (Note 7)	**(406)**	132	**(3,440)**
Other expenses—net	**(763)**	(273)	**(6,462)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**5,741**	5,362	**48,633**
INCOME TAXES (Note 8)**:**			
Current	**2,054**	1,656	**17,402**
Deferred	**302**	404	**2,560**
Total income taxes	**2,356**	2,060	**19,962**
MINORITY INTEREST IN NET INCOME	**96**	68	**810**
NET INCOME	**¥ 3,289**	¥ 3,234	**$ 27,861**

	Yen		U.S. Dollars
	2007	2006	**2007**
PER SHARE OF COMMON STOCK (Notes 2.q and 12)**:**			
Basic net income	**¥ 23.92**	¥ 22.91	**$ 0.20**
Cash dividends applicable to the year	**8.00**	7.50	**0.07**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

		Millions of Yen								
	Outstanding Number of Shares of Common Stock	*Common Stock*	*Capital Surplus*	*Retained Earnings*	*Unrealized Gain on Available-for-sale Securities*	*Foreign Currency Translation Adjustments*	*Treasury Stock*	*Total*	*Minority Interests*	*Total Equity*
BALANCE, APRIL 1, 2005	139,376,628	¥11,101	¥ 5,563	¥31,956	¥ 5,609	¥(1,347)	¥ (10)	¥52,872	¥	¥52,872
Net income				3,234				3,234		3,234
Cash dividends, ¥7.5 per share				(1,046)				(1,046)		(1,046)
Bonuses to directors and corporate auditors				(40)				(40)		(40)
Repurchase of treasury stock	(5,962)						(4)	(4)		(4)
Disposal of treasury stock	147									
Net increase in unrealized gain on available-for-sale securities					4,742			4,742		4,742
Net change in foreign currency translation adjustments						523		523		523
BALANCE, APRIL 1, 2006	**139,370,813**	**11,101**	**5,563**	**34,104**	**10,351**	**(824)**	**(14)**	**60,281**		**¥60,281**
Reclassified balance as of March 31, 2006 (Note 2.j)									**1,538**	**1,538**
Net income				**3,289**				**3,289**		**3,289**
Increase in retained earnings of newly consolidated subsidiaries				**42**				**42**		**42**
Cash dividend, ¥8.0 per share				**(1,115)**				**(1,115)**		**(1,115)**
Bonuses to directors and corporate auditors				**(40)**				**(40)**		**(40)**
Repurchase of treasury stock	**(4,473,879)**						**(2,894)**	**(2,894)**		**(2,894)**
Net change in the year					**(1,834)**	**185**		**(1,649)**	**4**	**(1,646)**
BALANCE, MARCH 31, 2007	**134,896,934**	**¥11,101**	**¥ 5,563**	**¥36,280**	**¥ 8,517**	**¥ (639)**	**¥(2,908)**	**¥57,914**	**¥ 1,542**	**¥59,456**

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	*Capital Surplus*	*Retained Earnings*	*Unrealized Gain on Available-for-sale Securities*	*Foreign Currency Translation Adjustments*	*Treasury Stock*	*Total*	*Minority Interests*	*Total Equity*
BALANCE, APRIL 1, 2006	**$94,034**	**$47,125**	**$288,897**	**$87,681**	**$(6,985)**	**$ (115)**	**$510,637**	**$**	**$510,637**
Reclassified balance as of March 31, 2006 (Note 2.j)								**13,033**	**13,033**
Net income			**27,861**				**27,861**		**27,861**
Increase in retained earnings of newly consolidated subsidiaries			**358**				**358**		**358**
Cash dividend, $0.07 per share			**(9,445)**				**(9,445)**		**(9,445)**
Bonuses to directors and corporate auditors			**(339)**				**(339)**		**(339)**
Repurchase of treasury stock						**(24,519)**	**(24,519)**		**(24,519)**
Net change in the year				**(15,530)**	**1,569**		**(13,961)**	**24**	**(13,937)**
BALANCE, MARCH 31, 2007	**$94,034**	**$47,125**	**$307,332**	**$72,151**	**$(5,416)**	**$(24,634)**	**$490,592**	**$13,057**	**$503,649**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 5,741**	¥ 5,362	**$ 48,633**
Adjustments for:			
Income taxes—paid	**(1,842)**	(2,387)	**(15,605)**
Depreciation and amortization	**5,342**	4,862	**45,256**
Gain on sales of property, plant and equipment—net	**(311)**	(15)	**(2,634)**
Gain on sales of investment securities—net	**(491)**	(316)	**(4,159)**
Loss on disposals of property, plant and equipment	**145**	197	**1,230**
Loss on disposals of intangible assets	**43**	12	**370**
Gain on reversal of liability for retirement benefits		(252)	
Changes in assets and liabilities:			
Increase in allowance for doubtful accounts	**6**	33	**49**
Decrease in liability for retirement benefits	**(781)**	(445)	**(6,620)**
Increase in notes and accounts receivable—trade	**(263)**	(735)	**(2,229)**
(Decrease) increase in notes and accounts payable—trade	**(427)**	522	**(3,620)**
Other—net	**479**	465	**4,054**
Total adjustments	**1,900**	1,941	**16,092**
Net cash provided by operating activities	**7,641**	7,303	**64,725**
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	**(18,125)**	(9,354)	**(153,538)**
Proceeds from sales of property, plant and equipment	**591**	42	**5,004**
Purchases of intangible assets	**(817)**	(773)	**(6,916)**
Purchases of investment securities	**(823)**	(1,108)	**(6,973)**
Proceeds from sales of investment securities	**913**	481	**7,737**
Proceeds from collection of loans	**150**	44	**1,271**
Other—net	**(393)**	(133)	**(3,331)**
Net cash used in investing activities	**(18,504)**	(10,801)	**(156,746)**
FINANCING ACTIVITIES:			
(Decrease) increase in short-term borrowings—net	**(1,962)**	1,340	**(16,617)**
Proceeds from long-term debt	**24,500**	8,000	**207,539**
Repayments of long-term debt	**(5,372)**	(5,364)	**(45,503)**
Dividends paid	**(1,115)**	(1,046)	**(9,445)**
Repurchase of treasury stock	**(2,894)**	(4)	**(24,519)**
Other—net	**(9)**	14	**(78)**
Net cash provided by financing activities	**13,148**	2,940	**111,377**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**110**	213	**936**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,395**	(345)	**20,292**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**25**	11	**212**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**6,381**	6,715	**54,050**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 8,801**	¥ 6,381	**$ 74,554**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

On December 27, 2005, the Accounting Standards Board of Japan (the “ASBJ”) published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under generally accepted accounting principles in Japan and has been renamed “the consolidated statement of changes in equity” in the current fiscal year.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MITSUI SOKO Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥118.05 to $1, the approximate rate of exchange at March 31, 2007. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in the 2006 consolidated financial statements to conform to the classifications used in 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation***—The consolidated financial statements as of March 31, 2007 and 2006 include the accounts of the Company and its 51 significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in five associated companies are accounted for by the equity method.

Investments in the unconsolidated subsidiaries and the remaining associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred due to its immateriality.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. ***Cash Equivalents***—Cash equivalents are short term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within three months of the date of acquisition.

c. ***Marketable and Investment Securities***—Marketable and investment securities are classified and accounted for, depending on management's intent, available for sale securities, which are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non marketable available for sale securities, which are stated at cost determined by the moving average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

d. ***Allowance for Doubtful Accounts***—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the past credit loss experience and an evaluation of potential losses in the receivables outstanding.

e. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998, and all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 15 years for machinery and equipment.

f. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. ***Intangible Assets***—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over 5 years for software.

h. ***Bond Issue Costs***—Bond issue costs are charged to income as incurred.

i. ***Retirement and Pension Plans***—The Company and certain consolidated domestic subsidiaries have non-contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. The Company also has a defined contribution pension plan. Other consolidated domestic subsidiaries have unfunded retirement benefit plans. Certain consolidated foreign subsidiaries have defined contribution pension plans.

The Group accounts for the liability for employees' retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Prior to April 1, 2005, the accounting standard for employees' retirement benefits prohibited recognitions of any excess portion of plan assets exceeding the projected benefit obligation that had arisen due to an excess of the actual return of plan assets over the expected return or a reduction of benefits level.

This standard was amended in March 2005 to allow recognition of such excess portion of plan assets. In accordance with the amended standard, the Company recognized excess plan assets due to actual return of plan assets exceeding the expected return and a reduction of benefits level. As of April 1, 2005, such excess was recognized as actuarial gain and prior service benefits, amortized over 13 years from the year ended March 31, 2006.

j. ***Presentation of Equity***—On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

k. ***Leases***—Leases are accounted for mainly as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

l. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. ***Appropriations of Retained Earnings***—Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

n. ***Foreign Currency Transactions***—All short term and long term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated income statement to the extent that they are not hedged by forward exchange contracts.

o. ***Foreign Currency Financial Statements***—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

p. ***Derivatives and Hedging Activities***—The Group uses derivative financial instruments, such as interest rate swaps, to manage its exposures to fluctuations in interest rates. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, with gains and losses are recognized in the consolidated income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting, because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

q. ***Per Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the year including dividends to be paid after the end of the year.

r. ***New Accounting pronouncements***

Lease Accounting—- On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17,1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new task force prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Current—Government and corporate bonds	**¥**	¥ 7	**$**
Non-current:			
Marketable equity securities	**¥ 21,578**	¥ 24,187	**$182,788**
Government and corporate bonds	**44**	44	**371**
Trust fund investments and other		89	
Total	**¥ 21,622**	¥ 24,320	**$183,159**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2007 and 2006 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2007				
Securities classified as available-for-sale:				
Equity securities	**¥ 4,677**	**¥ 14,440**	**¥ (69)**	**¥ 19,048**
Debt securities	**44**			**44**
March 31, 2006				
Securities classified as available-for-sale:				
Equity securities	¥ 3,972	¥ 17,422	¥ (3)	¥ 21,391
Debt securities	53		(2)	51
Other	42	47		89

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2007				
Securities classified as available-for-sale:				
Equity securities	**$ 39,621**	**$122,321**	**$ (584)**	**$161,358**
Debt securities	**374**			**374**

Available for sale securities whose fair value is not readily determinable as of March 31, 2007 and 2006 were mainly equity securities, and carrying amount of those equity securities were ¥2,530 million ($21,430 thousand) and ¥2,795 million, respectively.

Proceeds from sales of available for sale securities for the years ended March 31, 2007 and 2006 were ¥913 million ($7,737 thousand) and ¥481 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥496 million ($4,205 thousand) and ¥5 million ($46 thousand), respectively, for the year ended March 31, 2007 and ¥331 million and no losses on sales, respectively, for the year ended March 31, 2006.

The carrying values of debt securities by contractual maturities for securities classified as available for sale at March 31, 2007 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less		
Due after one year through five years	**¥ 9**	**$ 77**
Due after five years through ten years	**35**	**296**
Total	**¥ 44**	**$ 373**

4. SHORT TERM BORROWINGS AND LONG TERM DEBT

Short term borrowings consisted of loans from banks and insurance companies. The annual interest rates applicable to the short term borrowings at March 31, 2007 and 2006 ranged from 0.50% to 8.00% and from 0.44% to 7.25%, respectively.

Long term debt at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
0.8% unsecured bonds due 2010	**¥ 5,000**	¥ 5,000	**$ 42,355**
1.53% unsecured bonds due 2012	**5,000**		**42,355**
1.38% unsecured bonds due 2011	**3,000**		**25,413**
Sub total	**13,000**	5,000	**110,123**
Loans from banks and other financial institutions, due serially to 2020 with interest rates ranging from 0.40% to 6.25 % in 2007 and from 0.05% to 6.25% in 2006			
Collateralized	**5,876**	11,040	**49,775**
Unsecured	**30,770**	14,474	**260,651**
Total	**49,646**	30,514	**420,549**
Less current portion	**(6,262)**	(5,372)	**(53,043)**
Long-term debt, less current portion	**¥ 43,384**	¥ 25,142	**$367,506**

Annual maturities of long term debt at March 31, 2007, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	**¥ 6,262**	**$ 53,043**
2009	**7,366**	**62,399**
2010	**11,695**	**99,068**
2011	**8,546**	**72,388**
2012	**12,509**	**105,967**
2013 and thereafter	**3,268**	**27,684**
Total	**¥ 49,646**	**$420,549**

The carrying amounts of assets pledged as the above collateralized long term debt at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures—net of accumulated depreciation	**¥ 15,315**	**$129,730**
Machinery and equipment—net of accumulated depreciation	**14**	**116**
Land	**1,481**	**12,547**
Intangible assets	**16**	**139**
Investment securities	**2,051**	**17,377**
Total	**¥ 18,877**	**$159,909**

5. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees.

The Company and certain consolidated domestic subsidiaries have non-contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. The Company also has a defined contribution pension plan. Other consolidated domestic subsidiaries have unfunded retirement benefit plans. Certain consolidated foreign subsidiaries have defined contribution pension plans.

As described in Note 2.i, the Company recognized excess plan assets as actuarial gain and prior service benefits, amortized over 13 years from the year ended March 31, 2006.

The liability for employees' retirement benefits at March 31, 2007 and 2006 consisted of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Projected benefit obligation	**¥ 9,315**	¥ 9,614	**$ 78,903**
Fair value of plan assets	**(11,454)**	(11,083)	**(97,024)**
Unrecognized prior service benefits	**669**	731	**5,670**
Unrecognized actuarial gain	**4,302**	4,270	**36,445**
Net obligations	**2,832**	3,532	**23,994**
Prepaid pension cost	**462**	339	**3,911**
Liability for employee's retirement benefits	**¥ 3,294**	¥ 3,871	**$ 27,905**

The components of net periodic retirement benefit costs for the years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Service cost	**¥ 450**	¥ 450	**$ 3,815**
Interest cost	**143**	150	**1,215**
Expected return on plan assets	**(36)**	(28)	**(305)**
Recognized actuarial gain	**(325)**	(45)	**(2,758)**
Amortization of prior service benefits	**(36)**	(61)	**(305)**
Other	**90**	98	**758**
Net periodic retirement benefit costs	**¥ 286**	¥ 564	**$ 2,420**

"Other" in 2007 and 2006 includes contributions for defined contribution pension plan of ¥86 million ($726 thousand) and ¥37 million, respectively and in 2006 includes expenses for early retirement of ¥24 million.

In addition to the costs shown above, the Company recorded gain on reversal of liability for retirement benefits of ¥252 million for the year ended March 31, 2006.

Assumptions used for the years ended March 31, 2007 and 2006 were set forth as follows:

	2007	2006
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Recognition period of actuarial gain/loss	**13 years**	13 years
Amortization period of prior service benefits	**13 years**	13 years

6. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional, paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

7. OTHER INCOME (EXPENSES)

Other income (expenses)—net for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Loss on disposals of software	**¥ (42)**	¥ (12)	**$ (352)**
Gain on reversal of liability for retirement benefits (Note 5)		252	
Equity in earnings of associated companies	**60**	62	**511**
Taxes and dues	**(154)**	(76)	**(1,301)**
Other	**(270)**	(94)	**(2,298)**
Other (expenses) income—net	**¥ (406)**	¥ 132	**$ (3,440)**

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2007 and 2006.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Liability for employees' retirement benefits	**¥ 3,416**	¥ 3,693	**$ 28,941**
Accrued bonuses	**569**	561	**4,820**
Property, plant and equipment	**642**	659	**5,439**
Tax loss carryforwards	**358**	342	**3,032**
Golf club memberships	**214**	216	**1,816**
Liability for retirement benefits for directors and corporate auditors		201	
Other	**744**	562	**6,302**
Less valuation allowance	**(416)**	(398)	**(3,529)**
Total	**5,527**	5,836	**46,821**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(5,849)**	(7,108)	**(49,548)**
Gain on contribution of securities to the employee retirement benefit trust	**(1,699)**	(1,661)	**(14,391)**
Property, plant and equipment	**(816)**	(871)	**(6,911)**
Other	**(147)**	(111)	**(1,245)**
Total	**(8,511)**	(9,751)	**(72,095)**
Net deferred tax liabilities	**¥ (2,984)**	¥ (3,915)	**$ (25,274)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2007 and 2006 were as follows:

	2007	2006
Normal effective statutory tax rate	**40.7%**	40.7%
Expenses not deductible for income tax purposes	**0.8**	1.1
Income not taxable for income tax purposes	**(1.5)**	(1.3)
Per capita portion of inhabitant tax	**0.8**	0.8
Tax deduction for promotion of investment in information technology		(1.5)
Lower income tax rates applicable to income in certain foreign countries	**0.2**	(2.5)
Other—net		1.1
Actual effective tax rate	**41.0%**	38.4%

At March 31, 2007, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,367 million ($11,581 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	**¥ 24**	**$ 204**
2010	**22**	**190**
2011	**556**	**4,711**
2012 and thereafter	**765**	**6,476**
Total	**¥ 1,367**	**$ 11,581**

9. LEASES

The Group, as a lessee, leases certain structures, computer equipment, machinery and other assets.

Total rental expenses for the years ended March 31, 2007 and 2006 were ¥6,949 million ($58,867 thousand) and ¥6,761 million, respectively, including ¥285 million ($2,416 thousand) and ¥294 million of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006 were as follows:

	As of March 31, 2007				As of March 31, 2006				As of March 31, 2007			
	Millions of Yen				Millions of Yen				Thousands of U.S. Dollars			
	Buildings and Structures	Machinery and Equipment	Other	Total	Buildings and Structures	Machinery and Equipment	Other	Total	Buildings and Structures	Machinery and Equipment	Other	Total
Acquisition cost	¥ 249	¥ 272	¥ 1,124	¥ 1,645	¥ 249	¥ 329	¥ 1,080	¥ 1,658	$ 2,109	$ 2,305	$ 9,520	$13,934
Accumulated depreciation	(172)	(116)	(554)	(842)	(165)	(224)	(490)	(879)	(1,459)	(982)	(4,692)	(7,133)
Net leased property	¥ 77	¥ 156	¥ 570	¥ 803	¥ 84	¥ 105	¥ 590	¥ 779	$ 650	$ 1,323	$ 4,828	$ 6,801

The above acquisition cost included related interest expense.

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	¥ 259	¥ 248	$ 2,197
Due after one year	544	531	4,604
Total	¥ 803	¥ 779	$ 6,801

The above obligations under finance leases included related interest expense.

Depreciation expense of finance leases for the years ended March 31, 2007 and 2006, which was not reflected in the accompanying consolidated statement of income and was computed by the straight-line method, was ¥285 million ($2,416 thousand) and ¥294 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessee at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 808	$ 6,849
Due after one year	1,085	9,188
Total	¥ 1,893	$ 16,037

The Group, as a lessor, leases certain structure, office space and other assets.

Total lease revenue for the years ended March 31, 2007 and 2006 were ¥7,952 million ($67,365 thousand) and ¥7,497 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessor at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 167	$ 1,415
Due after one year	890	7,541
Total	¥ 1,057	$ 8,956

10. DERIVATIVES

The Group enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest rate exposures incorporated within its business. Accordingly, interest rate risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

The fair value of the Group's derivative financial instruments at March 31, 2007 and 2006 are not disclosed because hedge accounting is applied to all derivative financial instruments entered into by the Group.

11. CONTINGENT LIABILITIES

At March 31, 2007, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees of loans	¥ 5,173	$ 43,818
Trade notes endorsed	26	222

12. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2007	Net Income	Weighted-average Shares	EPS	
Basic EPS:				
Net income	**¥ 3,289**			
Net income available to common shareholders	**¥ 3,289**	**137,505**	**¥ 23.92**	**$ 0.20**

	Millions of Yen	Thousands of Shares	Yen
Year Ended March 31, 2006	Net Income	Weighted-average Shares	EPS
Basic EPS:			
Net income	¥ 3,234		
Bonuses to directors and corporate auditors	(40)		
Net income available to common shareholders	¥ 3,194	139,374	¥ 22.91

13. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2007 were approved at the Board of Directors held on May 10, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.00 ($0.03) per share	**¥ 540**	**$ 4,571**

14. SEGMENT INFORMATION

Information about industry segments, geographic segments and sales to foreign customers of the Company and subsidiaries for the years ended March 31, 2007 and 2006 were as follows:

(1) Industry Segments

a. Sales and operating income:

	Millions of Yen			
	2007			
	Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Sales to customers	**¥ 94,083**	**¥ 7,953**	**¥**	**¥ 102,036**
Intersegment sales	**155**	**231**	**(386)**	
Total sales	**94,238**	**8,184**	**(386)**	**102,036**
Operating expenses	**89,256**	**3,645**	**2,631**	**95,532**
Operating income	**¥ 4,982**	**¥ 4,539**	**¥ (3,017)**	**¥ 6,504**

b. Total assets, depreciation and capital expenditures:

	Millions of Yen			
	2007			
	Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Total assets	**¥ 85,217**	**¥ 21,999**	**¥ 31,063**	**¥ 138,279**
Depreciation	**3,452**	**1,727**	**163**	**5,342**
Capital expenditures	**16,056**	**2,217**	**22**	**18,295**

a. Sales and operating income:

	Thousands of U.S. Dollars			
	2007			
	Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Sales to customers	**$796,980**	**$ 67,365**	**$**	**$ 864,345**
Intersegment sales	**1,312**	**1,957**	**(3,269)**	
Total sales	**798,292**	**69,322**	**(3,269)**	**864,345**
Operating expenses	**756,085**	**30,875**	**22,290**	**809,250**
Operating income	**$ 42,207**	**$ 38,447**	**$ (25,559)**	**$ 55,095**

b. Total assets, depreciation and capital expenditures:

	Thousands of U.S. Dollars			
	2007			
	Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Total assets	**$721,873**	**$186,352**	**$263,131**	**$1,171,356**
Depreciation	**29,247**	**14,629**	**1,380**	**45,256**
Capital expenditures	**136,011**	**18,782**	**180**	**154,973**

a. Sales and operating income:

	Millions of Yen			
	2006			
	Logistics	*Real Estate*	*Eliminations/ Corporate*	*Consolidated*
Sales to customers	¥ 91,346	¥ 7,497	¥	¥ 98,843
Intersegment sales	167	227	(394)	
Total sales	91,513	7,724	(394)	98,843
Operating expenses	87,201	3,555	2,452	93,208
Operating income	¥ 4,312	¥ 4,169	¥ (2,846)	¥ 5,635

b. Total assets, depreciation, impairment loss and capital expenditures:

	Millions of Yen			
	2006			
	Logistics	*Real Estate*	*Eliminations/ Corporate*	*Consolidated*
Total assets	¥ 71,173	¥ 21,573	¥ 31,886	¥ 124,632
Depreciation	3,143	1,543	176	4,862
Capital expenditures	7,297	2,843	7	10,147

Notes: 1. "Logistics" consists of warehousing, port terminal operation, overland transportation and international combined transportation.

2. "Real estate" consists substantially of lease of real estate.

3. Operating expenses of ¥3,017 million ($25,559 thousand) in 2007 and ¥2,846 million in 2006 which are included in "Eliminations/corporate," consist of the expenses incurred by the administrative section of the Company.

4. Total assets of ¥31,065 million ($263,151 thousand) in 2007 and ¥31,885 million in 2006 which are included in "Eliminations/corporate", consist substantially of corporate cash and investment securities and the assets of the administrative section of the Company.

(2) Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended March 31, 2007 and 2006 are summarized as follows:

	Millions of Yen			
	2007			
	Japan	*Others*	*Eliminations/ Corporate*	*Consolidated*
Sales to customers	**¥ 84,562**	**¥ 17,474**	**¥**	**¥ 102,036**
Interarea transfer	**1,481**	**2,272**	**(3,753)**	
Total sales	**86,043**	**19,746**	**(3,753)**	**102,036**
Operating expenses	**77,416**	**18,852**	**(736)**	**95,532**
Operating income	**¥ 8,627**	**¥ 894**	**¥ (3,017)**	**¥ 6,504**
Total assets	**¥ 99,845**	**¥ 11,632**	**¥ 26,802**	**¥ 138,279**

	Thousands of U.S. Dollars			
	2007			
	Japan	*Others*	*Eliminations/ Corporate*	*Consolidated*
Sales to customers	**$716,327**	**$148,018**	**$**	**$ 864,345**
Interarea transfer	**12,541**	**19,252**	**(31,793)**	
Total sales	**728,868**	**167,270**	**(31,793)**	**864,345**
Operating expenses	**655,787**	**159,697**	**(6,234)**	**809,250**
Operating income	**$ 73,081**	**$ 7,573**	**$ (25,559)**	**$ 55,095**
Total assets	**$845,785**	**$ 98,534**	**$227,037**	**$1,171,356**

	Millions of Yen			
	2006			
	Japan	*Others*	*Eliminations/ Corporate*	*Consolidated*
Sales to customers	¥ 83,036	15,807	¥	¥ 98,843
Interarea transfer	1,460	1,976	(3,436)	
Total sales	84,496	17,783	(3,436)	98,843
Operating expenses	76,840	16,958	(590)	93,208
Operating income	¥ 7,656	¥ 825	¥ (2,846)	¥ 5,635
Total assets	¥ 86,164	¥ 10,519	¥ 27,949	¥ 124,632

Notes: 1. "Others" consists substantially of the United States of America, Singapore, Malaysia, Hong Kong and Europe.

2. Operating expenses of ¥3,017 million ($25,559 thousand) in 2007 and ¥2,846 million in 2006, which are included in "Eliminations/corporate," consist of the expenses incurred by the administrative section of the Company.

3. Total assets of ¥ 31,065 million ($263,151 thousand) in 2007 and ¥31,885 million in 2006, which are included in "Eliminations/corporate," consist substantially of corporate cash and investment securities and the assets of the administrative section of the Company.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2007 and 2006 amounted to ¥17,474 million ($148,018 thousand) and ¥15,807 million, respectively.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
MITSUI-SOKO Co., Ltd.:

We have audited the accompanying consolidated balance sheets of MITSUI-SOKO Co., Ltd. and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MITSUI-SOKO Co., Ltd. and consolidated subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.i to the consolidated financial statements, effective April 1, 2005, MITSUI-SOKO Co., Ltd. and consolidated subsidiaries adopted the amended accounting standard for employees' retirement benefits.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 28, 2007

Member of
Deloitte Touche Tohmatsu

Corporate Governance

Basic Policy on Corporate Governance

Cognizant that its social mission is one of the most important aspects of management, Mitsui-Soko protects shareholders' earnings by maintaining unity among directors, auditors, executive officers and employees and works to carry out its responsibilities dutifully. The Company has a Board of Directors, Managing Council, Compliance Committee, Information Security Committee, Board of Corporate Auditors and Remuneration Committee, which are all responsible for decision-making, operational management and oversight.

Internal Control System and Financial Auditing

To further strengthen the oversight and assessment of operational implementation by the Board of Directors, Mitsui-Soko introduced an Executive Officer System on April 1, 2004, under which management supervision and business execution functions have been separated. On April 1, 2006, we further split the executive officers into the two categories of senior executive officers and executive officers according to authority and responsibilities.

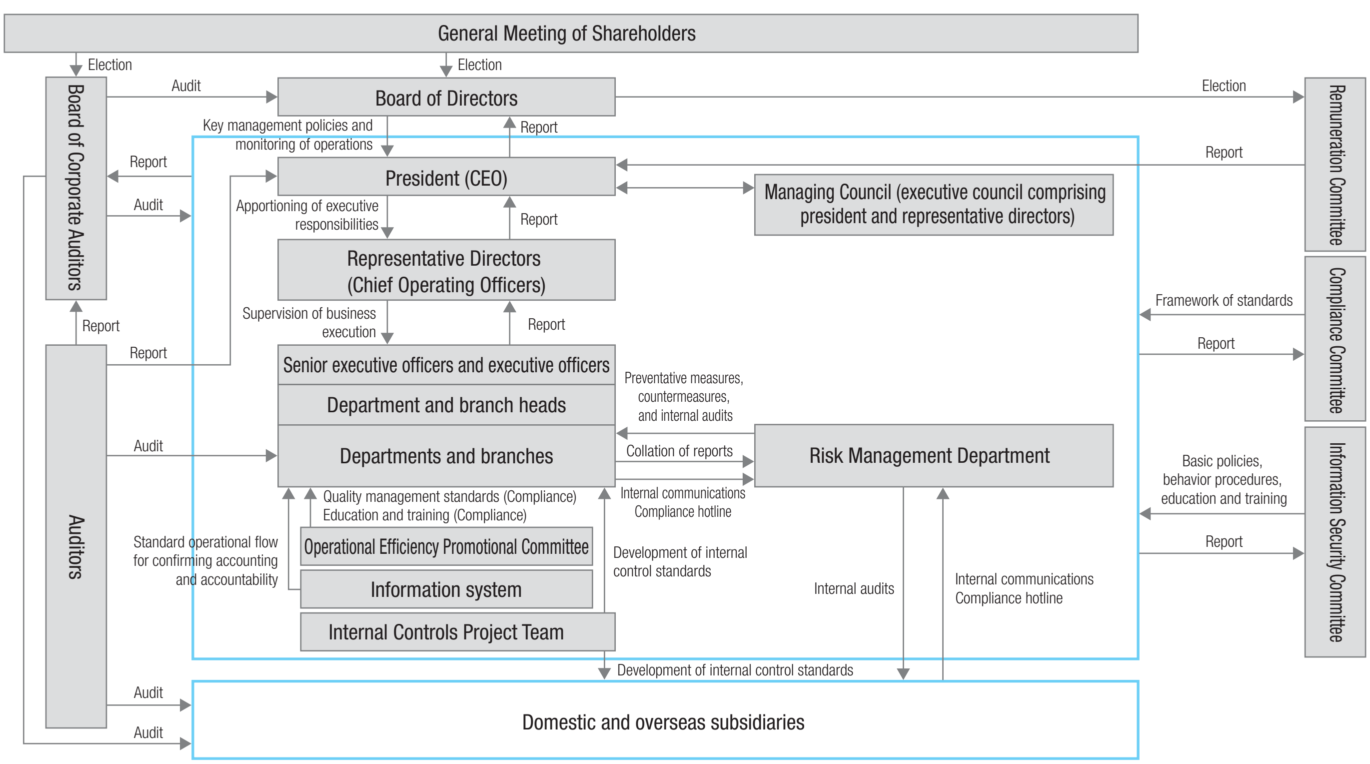
In addition to coordinating operational monitoring by corporate auditors, internal auditing by the Risk Management Division, and financial auditing by accounting auditors, Mitsui-Soko consults with outside specialists to make decisions based on their advice. Specifically, Mitsui-Soko hires several attorneys of differing specialties as legal consultants and has them fully exchange their views regarding accounting and taxes with accounting auditors as well as the Company's multiple CPAs.

Regarding business transactions, in addition to developing standard workflow practices and improving transaction efficiency and quality, Mitsui-Soko has established an internal control structure that uses the IT system for obtaining approval from authorized personnel, performing double-checking, and tracking access logs.

Risk Management Structure and Internal Auditing

Under the supervision of the Executive Officer responsible for risk management, the Risk Management Division works to reduce corporate risk by preventing risk, developing and revising counter-measure manuals, and conducting internal auditing. Specifically, the Risk Management Division is at the center of efforts to target the highest-risk operations from a previously drafted list of risks, as it works to develop countermeasure manuals in collaboration with pertinent administrative divisions, verify the progress of preventative measures, share the results throughout the Company, and make necessary adjustments.

Operations related to internal controls were unified under the Risk Management Division as stipulated by the Corporate Law that took effect on May 1, 2006. The Risk Management Division works to reduce the impact when risks manifest themselves, formulate and improve rules such as are necessary to accomplish that mandate, and conduct internal audits to determine whether transactions are being conducted according to those rules. It then validates audit results, studies and implements improvement plans, and reviews procedures, and it provides the results of these activities to the Board of Corporate Auditors as well as the independent auditor as appropriate. We also established a compliance hotline to aid in the early discovery of problems and improprieties. Any employee from any Group company can use it to make a report to the Risk Management Division.



Mitsui-Soko Group Network

Domestic

Mitsui-Soko Co., Ltd.

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Kanto Branch

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●Yokohama Regional Office
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Fax: +81-45-201-4866

Chubu Branch

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Fax: +81-52-972-0408

Kansai Branch

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Osaka 550-0001
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Fax: +81-6-6443-3744

●Kobe Regional Office
2-16, Hamabe-dori 6-chome,
Chuo-ku, Kobe 651-0083
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Fax: +81-78-232-2350

Note: The Kyushu Branch is not listed as it only conducts management operations.

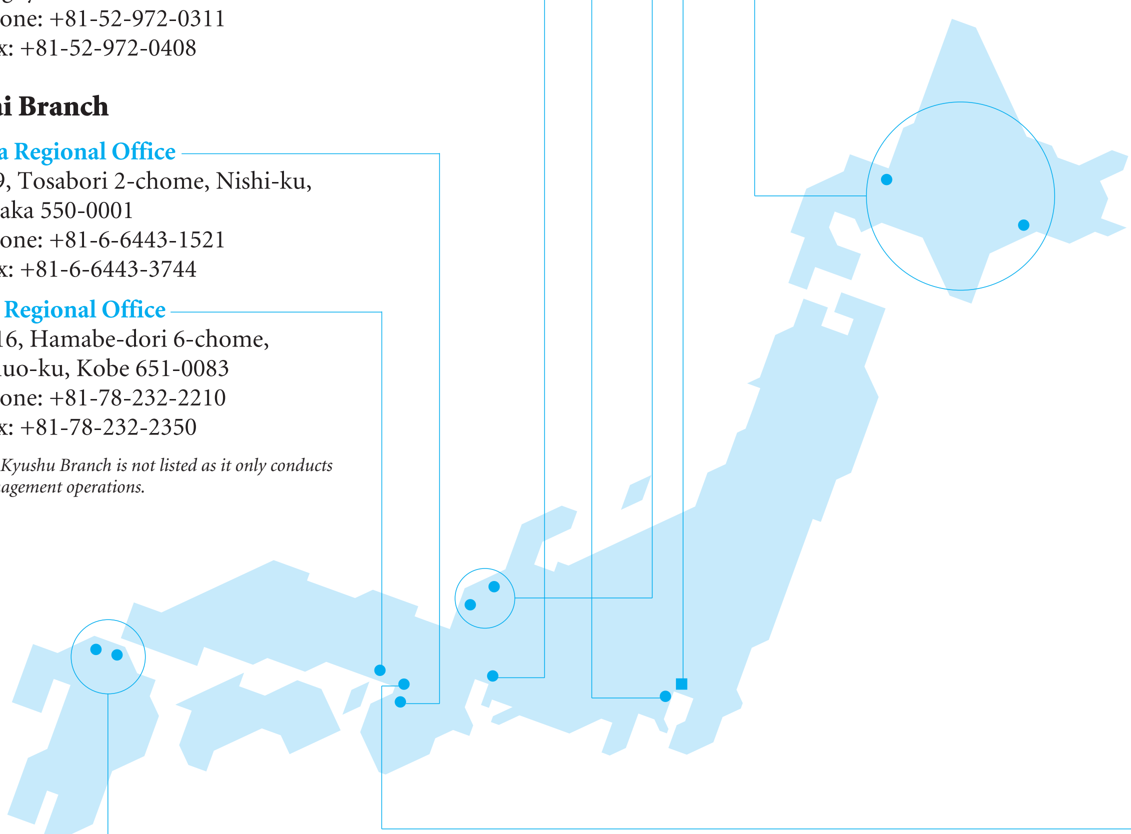
Main Consolidated Subsidiaries

●Hokkai Mitsui Soko K.K.
1-1, Ohmagari-kogyodanchi 5-chome,
Kitahiroshima, Hokkaido 061-1274
Phone: +81-11-376-2801
Fax: +81-11-376-2802

●Mitsui Warehouse Terminal Service Co., Ltd.
5F Daiichi Osakako Bldg., 1-2, Chikko
2-chome, Minato-ku, Osaka 552-0021
Phone: +81-6-6571-6600
Fax: +81-6-6571-6604

●Mitsunori Corporation
1307 Kida-machi, Fukui 918-8106
Phone: +81-776-20-6111
Fax: +81-776-20-6125

●Mitsui Soko Kyushu Co., Ltd.
Hakata-ekimae Daiichi-Seimei Bldg., 4-1,
Hakata-ekimae 1-chome, Hakata-ku,
Fukuoka 812-0011
Phone: +81-92-481-6730
Fax: +81-92-481-6701



Overseas

Consolidated Subsidiaries and Affiliates

**Partners*

EUROPE

Holland
●Mitsui-Soko (Europe) B.V.

Germany
●Mitsui-Soko (Europe) B.V. (Branch)

Czech
●Mitsui-Soko (Europe) B.V. (Branch)

Finland
●OY Hamiko Agency Ltd.*

Denmark
●Mayfair Scandinavia A/S*

Belgium
●Prime Cargo Belgium N.V.*

France
●Seed Transit*

UK
●RH Freight Services Ltd.*
●Coastal Global Logistics Ltd.*

Spain
●Sparber Linea Maritimas, S.A.*

Italy
●Francesco Parisi Casa Di Spedizioni S.p.A.*

Poland
●Mitsui-Soko Poland Sp.zo.o.

ASIA

Singapore
●Mitsui-Soko International Pte. Ltd.
●Mitsui-Soko (Singapore) Pte. Ltd.
●Mitsui-Soko Air Service (S) Pte. Ltd.

Malaysia
●Mitsui-Soko (Malaysia) Sdn. Bhd.
●Mitsui-Soko Agencies (Malaysia) Sdn. Bhd.
●A&M Parts Procurement Services Sdn. Bhd.
●Integrated Mits Sdn. Bhd.
●Syarikat Rtnz Sdn. Bhd.

Thailand
●Mitsui-Soko (Thailand) Co., Ltd.
●Mitsui-Soko (Chiangmai) Co., Ltd.
●MITS Logistics (Thailand) Co., Ltd.
●MITS Transport (Thailand) Co., Ltd.

Indonesia
●PT. Mitsui-Soko Indonesia
●PT. Tungya Perkasa*

Philippines
●Mitsui-Soko (Philippines) Inc.

Vietnam
●Vinatrans*

China
●Mitex International (Hong Kong) Ltd.
●Mitex Multi Model Express Ltd.
●Nobel Business International Ltd.
●Mitex Logistics (Shanghai) Co., Ltd.
●Mitex Qingdao Logistics Co., Ltd.
●Mitex Shenzhen Logistics Co., Ltd.
●Fuzhou Mitex Logistics Co., Ltd.
●Mitex Ningbo Logistics Co., Ltd.
●Shanghai Hua He International Logistics Co., Ltd.
●Nantong Sinavico International Logistics Co., Ltd.

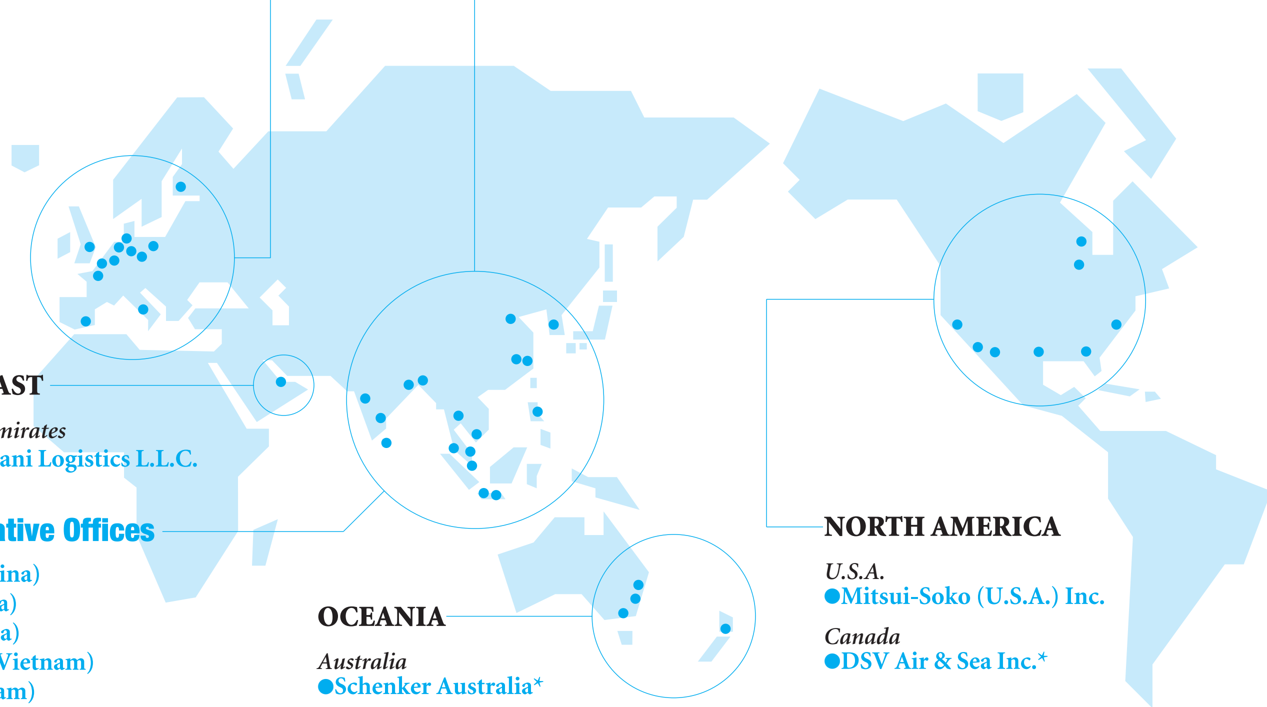
Taiwan
●Mitsui-Soko (Taiwan) Co., Ltd.

Korea
●Mitsui-Soko (Korea) Co., Ltd.

India
●Shine Travel & Cargo Pvt. Ltd.*

Sri Lanka
●Haytrans Lanka Ltd.*

Bangladesh
●Maritime Services Ltd.*



MIDDLE EAST

United Arab Emirates
●AW Rostamani Logistics L.L.C.

Representative Offices

Shanghai (China)
Beijing (China)
Tianjin (China)
Ho Chi Min (Vietnam)
Hanoi (Vietnam)

OCEANIA

Australia
●Schenker Australia*

New Zealand
●Schenker (NZ) Ltd.*

NORTH AMERICA

U.S.A.
●Mitsui-Soko (U.S.A.) Inc.

Canada
●DSV Air & Sea Inc.*

Investor Information

As of March 31, 2007

Firm Name:	MITSUI-SOKO CO., LTD.
Date of Establishment:	October 11, 1909
Paid-in Capital:	¥11,100,714,274
Number of Employees:	3,126 (consolidated base) 712 (non-consolidated base)
Common Stock:	Authorized — 400,000,000 shares Issued — 139,415,013 shares
Stock Exchange Listings:	Tokyo, Osaka (#9302)
Trading Unit:	1,000 shares
Independent Auditor:	Deloitte Touche Tohmatsu MS Shibaura Bldg., 13-23, Shibaura 4-chome, Minato-ku Tokyo 108-8530
Shareholder Register Agent:	The Chuo Mitsui Trust and Banking Company, Limited Stock Transfer Office (The company's Stock Transfer Agency Department) 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063
Number of Shareholders:	6,201
Annual Meeting:	The annual meeting of shareholders is usually held in late June.

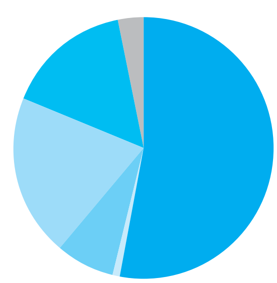
Major Shareholders

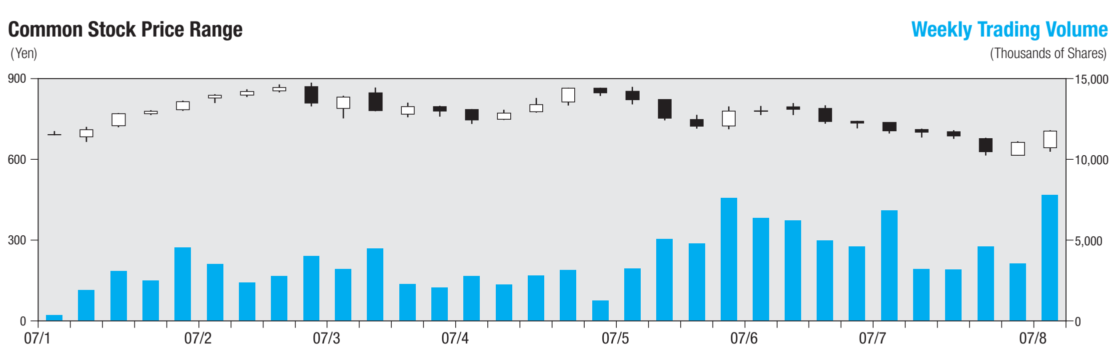
	Thousands of Shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,289	9.1
Japan Trustee Services Bank, Ltd. (Trust Account)	11,116	8.2
Mitsui Sumitomo Insurance Company, Limited	9,807	7.3
Mitsui Mutual Life Insurance Company	8,697	6.4
Morgan Stanley & Company, Inc.	8,126	6.0
The Chuo Mitsui Trust and Banking Company, Limited	5,914	4.4
Sumitomo Mitsui Banking Corporation	3,484	2.6
Mitsui-Soko Employee Shareholders Club	3,308	2.5
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2,743	2.0
Takenaka Corporation	2,484	1.8

Note: *Shares of less than 1,000 are rounded down. Treasury stock have been excluded from investment ratio calculation.*

Composition of MITSUI-SOKO's Shareholders

	Thousands of Shares	%
Financial Institutions	73,756	52.9
Securities Companies	1,272	0.9
Other Corporations	10,148	7.3
Foreign Companies	27,898	20.0
Individual and Others	21,815	15.6
The Company (Treasury Stock)	4,518	3.2





Mitsui-Soko Records Center

Tokyo (Completed in November 2004)

Misato Logistics Center (tentative name)

Soka, Saitama Prefecture (Scheduled for completion in April 2008)

MSC Fukagawa Building

Koto Ward, Tokyo (Completed in July 2006)

MSC Fukagawa No.2 Building (tentative name)

Koto Ward, Tokyo (Scheduled for completion in December 2008)

Kita Osaka Warehouse

Settsu City, Osaka (Completed in December 2005)

Tatsumi Warehouse (tentative name)

Koto Ward, Tokyo (Scheduled for completion in January 2009)

Nishiharu Warehouse

Kitanagoya City, Aichi Prefecture (Completed in June 2006)

Atsugi Warehouse

Atsugi City, Kanagawa Prefecture (Scheduled for completion in July 2008)

MITSUI-SOKO CO., LTD.

22-23, Kaigan 3-chome, Minato-ku, Tokyo, Japan 108-0022

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