MITSUI-SOKO
HOLDINGS

We Move Goods With Total Dedication

MITSUI-SOKO HOLDINGS
Annual Report 2016

Year ended March 31, 2016

Profile

Since its founding in 1909, the Mitsui-Soko Group has developed its port terminal business as well as its logistics business, including its international combined transport business, both inside and outside Japan. The Group has placed particular focus on its warehousing operations, which include customers' cargo storage, distribution processing and transportation. In recent years, the Group has aggressively carried out M&As of logistics companies with the aim of expanding the scope of business. As a result, Mitsui-Soko Express Co., Ltd., in the air cargo transport sector, and Mitsui-Soko Logistics Co, Ltd., in the home appliance logistics sector, were added to the Group. Moreover, we switched to a holding company system in October 2014 to further accelerate growth, and constructed a system in which the operating companies wield "centrifugal force" and exhaustively pursue growth. In addition, in 2015 the Group established Mitsui-Soko Supply Chain Solutions, Inc. to strengthen the Group's support of the supply chain overall, from manufacturing to sales, and Mitsui-Soko Transport Co., Ltd. to reinforce overland cargo transport business. The Group aims to expand and strengthen its platform services by utilizing synergies within the Group.

The Group established the medium-term management plan "MOVE 2015," which has the fiscal year ending March 31, 2018, to build high-quality and sustainable profit capacity under this augmented business portfolio. We are implementing a range of measures in line with the plan's business guidelines. However, results were poor in the fiscal year ended March 2016, the first year of the plan. Although net sales were solid, operating income fell short of the initial target due to decreased earnings in overseas business, attributable to a faltering global economy, as well as to delays in the launch date for new warehouses and the impact of rent revisions in the real estate business throughout the year.

With growing uncertainty in the global economy overall this fiscal year, we expect the external environment to remain harsh. However, we will promptly carry out measures that go further than previous efforts, such as overhauling the profit structure of our base operations, in addition to strengthening the generation of synergistic effects throughout the Group overall and raising productivity by improving operations. Such measures aimed at improving revenue will help us reach our numerical targets and achieve further growth to move into the new stage of becoming a global logistics company.

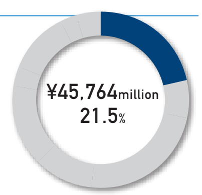
Overview of segments and main businesses of the group (Net Sales by Business Segment Fiscal 2016)

Note: The figures and ratios in the pie graphs are based on figures before adjustments for internal transfers between operations.

[Logistics Segment]

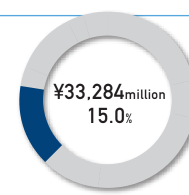
Warehouse Business

Providing warehousing, distribution processing and other logistics services to general companies in Japan.



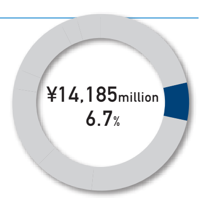
3PL Business

Providing services that support distribution and logistics services through third-party logistics (3PL).



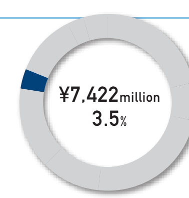
Port Terminal Business

Providing port-related work and services to shipping companies that are our primary customers in this business.



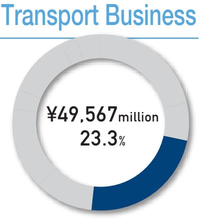
Outsourcing Business

Providing business process outsourcing (BPO) for operations and management by taking over work processes performed by customers.



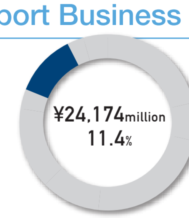
Logistics Services Overseas and Combined Transport Business

Providing logistics services through overseas group subsidiaries and combined transport services.



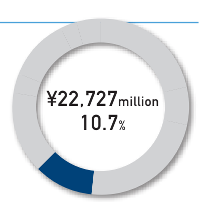
Supply Chain Management Support Business

Supporting supply chain management from manufacturing to sales, primarily for Mitsui-Soko Supply Chain Solutions, Inc. which became a consolidated company in the current fiscal year.



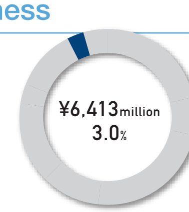
Air Cargo Transport Business

Providing consolidated air forwarding services, and related logistics services.



Overland Cargo Transport Business

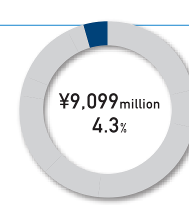
Mitsui-Soko Transport Co., Ltd., established this fiscal year, will take the central role in providing overland cargo transport services.



[Real Estate Segment]

Real Estate Rental Business

Real estate rental businesses, primarily for large-scale office buildings.



The Evolution of Mitsui-Soko Group

		Warehouse Business	Port Terminal Business	Logistics Services Overseas and Combined Transport Business	Air Cargo Transport Business	3PL Business	Outsourcing Business	Real Estate Rental Business	Supply Chain Management Support Business	Overland Cargo Transport Business
1909	Founded as Toshin Soko Co., Ltd. when the warehouse division was spun off of Mitsui Bank.	Launched the warehousing business.								
1917			Launched the port transport business.							
1942	Renamed Mitsui-Soko Co., Ltd.									
1950	Listed on the Tokyo Stock Exchange.									
1966		Launched the cargo vehicle transport business.								
1968			Launched the handling of marine containers and the operation of container terminals in Japan.							
1972				Established the first overseas subsidiary in Hong Kong.						
1977				Launched full-scale international transport services.						
1978				Launched Non Vessel Operating Common Carrier (NVOCC) services.						
1982					Launched full-scale air cargo transport services.					
1986							Launched “Big Bag” services (trunk room storage, moving, etc. services for non-commercial goods).			
1989								Launched full-scale real estate leasing business.		
2005		Established a new high-efficiency, multifunctional logistics facility and began redevelopment of existing facilities in the Tokyo metropolitan area.								
2008						Launched full-scale 3PL service.				
2009	Celebrated the Company's centennial.									
2011					Acquired all shares of a subsidiary of JTB Corp., renamed this company Mitsui-Soko Air Cargo Inc., and thereby expanded and strengthened international cargo transport business, including air cargo transport services.	Inaugurated FLEXPRESS logistics package service within Asia.				
2012					Acquired shares of TAS Express Co., Ltd. to be merged with Mitsui-Soko Air Cargo Inc. and started as Mitsui-Soko Express Co., Ltd.	Acquired all shares of SANYO Electric Logistics Co., Ltd. and renamed this company Mitsui-Soko Logistics Co., Ltd. to fortify 3PL business.				
2014	Move to a Holding Company System			Global Network Segment and International Transportation Segment were merged into the new Global Flow Segment.						
2015				Acquired Prime Cargo A/S (Denmark and Hong Kong)					Mitsui-Soko Supply Chain Solutions, Inc. Launched	Mitsui-Soko Transport Co., Ltd., was established and acquired a 100% equity stake in Marukyo Transportation Co., Ltd.

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 to the Company at the time, and contain elements of risk and uncertainty.

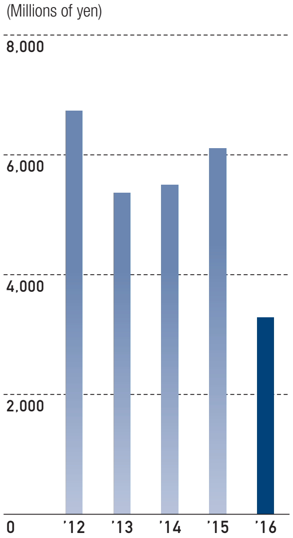
Consolidated Financial Highlights

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Years ended March 31

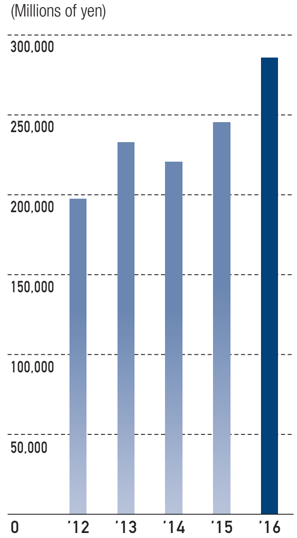
	Millions of Yen					*Thousands of U.S. Dollars*
	2016	2015	2014	2013	2012	**2016**
For the year:						
Net sales	**¥ 212,971**	¥ 170,486	¥ 161,536	¥ 148,242	¥ 107,345	**$ 1,890,058**
Operating income	**3,287**	6,112	5,495	5,363	6,732	**29,179**
Net income attributable to owners of parent	**211**	1,212	4,492	3,166	2,151	**1,880**
Net cash provided by operating activities	**11,101**	8,047	13,639	7,142	9,682	**98,521**
At year-end:						
Total assets	**¥ 285,939**	¥ 245,213	¥ 220,728	¥ 232,873	¥ 197,338	**$ 2,537,623**
Equity	**66,681**	72,980	65,937	57,697	50,853	**591,776**
Per share of common stock (in yen and U.S. dollars)**:**						
Net income	**¥ 1.70**	¥ 9.76	¥ 36.17	¥ 25.49	¥ 17.32	**$ 0.02**
Equity	**496.63**	549.53	504.22	440.99	403.70	**4.41**
Cash dividends applicable to the year	**10.0**	9.50	9.00	9.00	9.00	**0.09**
Ratios:						
Equity ratio (%)	**21.6**	27.8	28.4	23.5	25.4	
Return on equity (%)	**0.3**	1.9	7.7	6.0	4.3	
Interest coverage ratio (times)	**8.8**	7.2	10.4	4.9	6.7	
Price/Earnings ratio (times)	**176.1**	41.4	11.4	22.7	20.4	

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 ¥112.68 to $1, the approximate rate of exchange at March 31, 2016. (See Note 1 of the Notes to Consolidated Financial Statements)

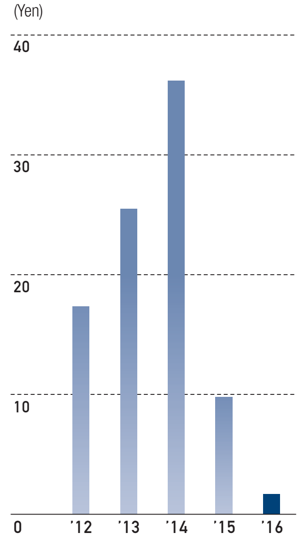
Operating Income



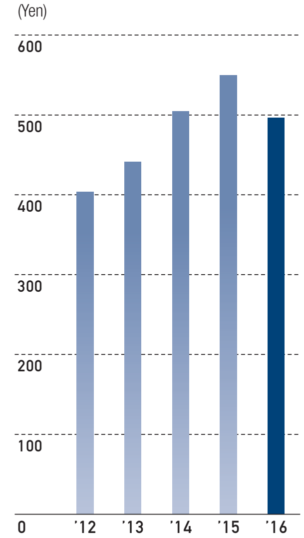
Total Assets



Net Income per Share



Equity per Share



Message from the President

Kei Fujioka
President

I wish to express my appreciation to all of our shareholders and investors for your consideration and support. Our Group achieves sustainable growth by contributing to society through its logistics services.

In October 2014, our Group completed the reorganization of its implementation system with its switch to a holding company system. In addition, by constructing new warehouses and bringing new companies into the scope of consolidation through M&As, the Group's logistics functions were expanded and a system put in place that enabled the Group to provide the organic and seamless logistics functions that customers want. Our Group's business environment remains harsh, but through these initiatives, the Group is aiming for ¥280 billion in net sales and ¥11.0 billion in operating income in the fiscal year ending March 31, 2018, the targets in its new medium-term management plan.

<Market Environment of the fiscal year ended March 31, 2016 (Fiscal 2016)>

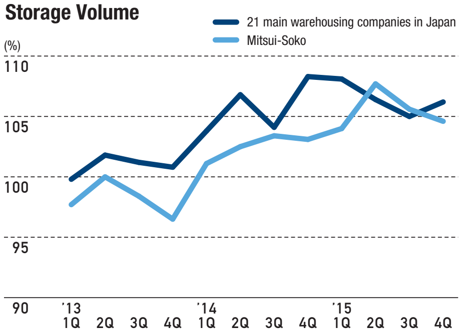
The market environment is increasingly uncertain due in part to fears of economic slowdowns in China and emerging countries.

During the period of fiscal 2016, the Japanese economy continued to recover modestly, but sluggish growth in exports and imports and fears of economic slowdowns in China and emerging countries clouded the market environment.

Conditions in the logistics industry were increasingly harsh as the monthly storage volume began to decline over the previous year and the turnover ratio, an indicator for the cargo movement, failed to recover.

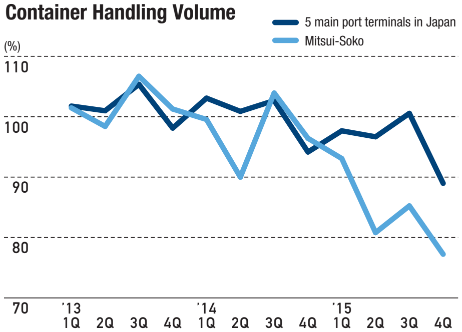
Looking ahead, given the trend toward slower economic growth, particularly in China and emerging countries, the Group is working to achieve further growth by adding priority measures such as rigorous adherence to project management and reinforced competitiveness to its previous measures.

Storage Volume



*Indices with averages in fiscal 2012 as 100%.

Container Handling Volume



*Statistics for 5 main port terminals in Japan are based on figures up to Feb. 2016.
*Indices with averages in fiscal 2012 as 100%.

<Fiscal 2016 Consolidated Business Results>

Despite higher net sales from the increase in the number of consolidated companies, operating income declined as a result of decreased earnings in overseas operations.

In this economic environment, our Group's Logistics Segment recorded higher net sales from the increase in the number of consolidated companies, but operating income declined as a result of decreased earnings in overseas operations.

In the Warehouse Business, which provides logistics services in Japan, the storage volume was solid, but net sales grew and operating income decreased due to higher depreciation costs resulting from the operation of new warehouses.

Both net sales and operating income decreased in the Port Terminal Business, which offers port-related work and services mainly to shipping companies, due to a lower work volume resulting from the reorganization of shipping routes between Japan and China.

The Logistics Services Overseas and Combined Transport Business recorded higher net sales due to an expansion in the scale of business following corporate acquisitions. However, operating income declined as a result of a drop in cargo movement attributable to slower economic growth in China and emerging countries.

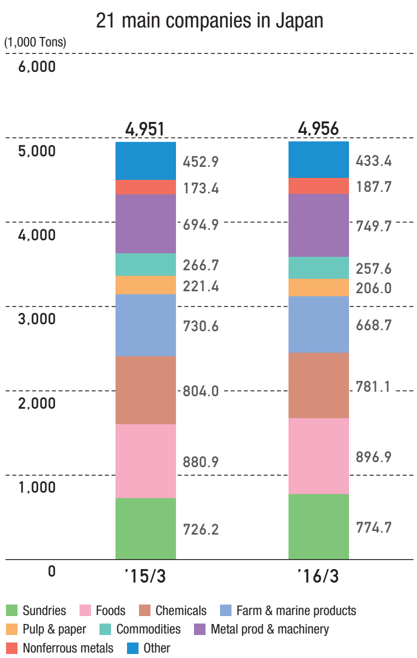
Net sales and operating income were down in the Air Cargo Transport Business, which provides consolidated air forwarding services and related services, since the increased transport demand caused by port congestion in North America wound down.

The 3PL Business, which provides SCM support services through third-party logistics (3PL), posted higher net sales and operating income. This can be attributed to a recovery from the previous fiscal year, when results were down in a reaction from last-minute demand resulting from the consumption tax hike, and the success of measures to improve profitability. The Outsourcing Business, which operates and manages the business processes of customers on a consignment basis, achieved higher net sales and operating income due to the operation of new business. The Supply Chain Management Support Business, which consists primarily of Mitsui-Soko Supply Chain Solutions, Inc. a newly consolidated company, saw a decline in handling volume following the fall in production volume at a customer's plant in the first half of the fiscal year, but handling volume subsequently recovered. Performance was solid in the Overland Cargo Transport Business, run by the newly consolidated Mitsui-Soko Transport Co., Ltd.

As a result, consolidated net sales in the Logistics Segment increased ¥43,307 million over the previous year to ¥203,872 million and operating income declined ¥1,458 million to ¥2,130 million.

In the Real Estate Segment, net sales fell ¥863 million to ¥9,614 million and operating income fell ¥955 million to ¥4,916 million due to a decline in rental revenue

Storage Volume (Yearly Average Storage Balance, Tons)



as a result of large-scale repairs.

As a result, net sales rose 24.9% over the previous year to ¥212,971 million and operating income fell 46.2% to ¥3,287 million. Net income attributable to owners of parent was down by ¥1,000 million to ¥211 million due to the posting of impairment losses, offsetting gains on negative goodwill and gains on the sale of fixed assets.

<Future Outlook>

We aim for further growth by organically developing our expanded logistics functions.

Given these conditions, the Group is taking measures to further improve profitability and financial health.

In making investments, the Group will prioritize steady profits and move forward on the premise that customers have been mostly confirmed, and will freeze all other new investments. In addition to previous measures to improve profitability by rapidly and significantly expanding net revenue and enhancing productivity, we have launched projects aimed at strengthening competitiveness to quickly and extensively overhaul the profit structure and business portfolio for base operations to compensate for lower income. Coupled with these measures aimed at boosting profitability, the Group is working to reduce interest-bearing liabilities and improving financial health by further increasing the liquidation of receivables.

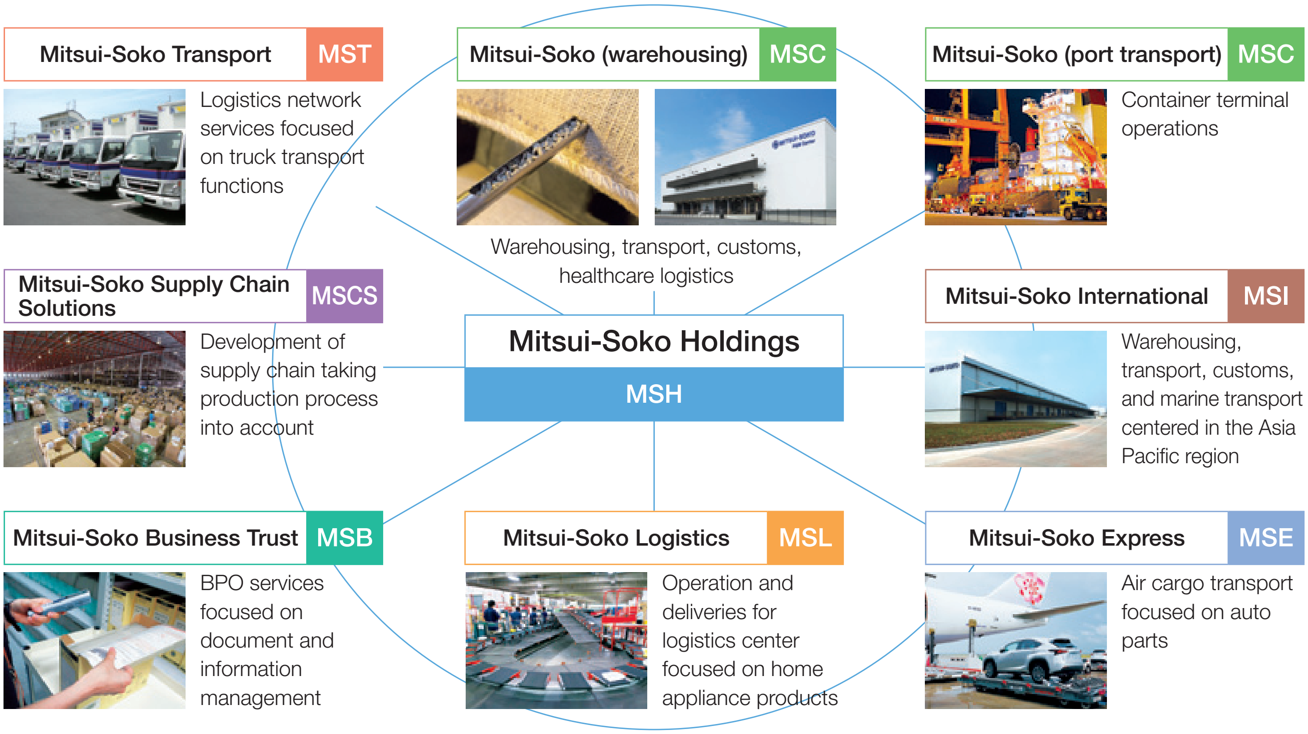
As a result of the steady implementation of these measures, with respect to our consolidated business results for the next fiscal year ending March 31, 2017, we forecast net sales of ¥240.0 billion (12.7% year-over-year increase), with an operating income of ¥6.0 billion (82.5% year-over-year increase), and a net income attributable to owners of parent of ¥1.1 billion (419.2% year-over-year increase).

The Company pays dividends in line with its earnings, and its basic policy is to pay dividends equivalent to 30% of "theoretical net income," or consolidated operating income taking the financial account balance and the effective tax rate into account. We also strive to maintain stable dividends at a fixed amount even when earnings temporarily worsen, taking into account medium- and long-term income levels and finances so that dividends are not affected by short-term earnings fluctuations. Accordingly, the Company has set year-end dividends at ¥5.00 per share, resulting in a ¥10.00 per share annual dividend when combined with the interim dividend. The Company intends to pay an annual dividend of ¥10.00 per share (interim dividend of ¥5.00 per share) for the next fiscal year.

We would like to extend our thanks to our shareholders and investors for understanding of our management policies, and ask for continued support.

Progress of medium-term management plan “MOVE 2015”

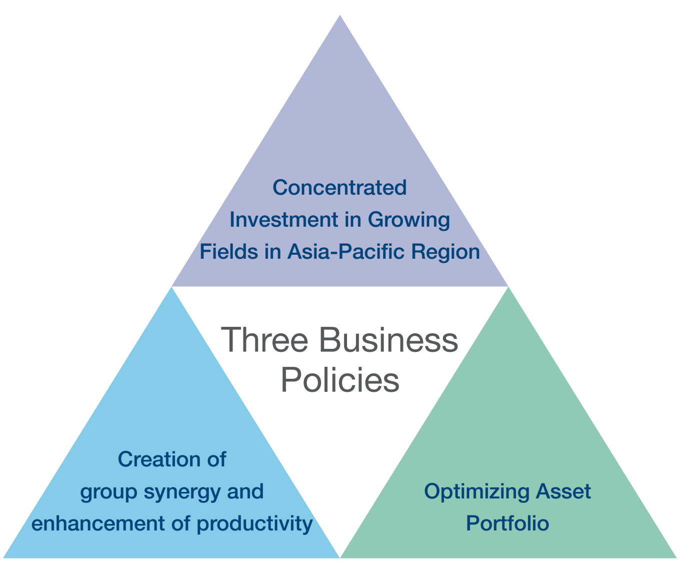
Without depending on its more than 100 years of tradition in expanding primarily within the warehousing business, the Group has steadily pursued major reforms in recent years, such as the switch to a holding company system in 2014 and multiple M&As aimed at expanding its business range.



The medium-term management plan “MOVE 2015,” which began in the fiscal year ended March 31, 2016, was established in order to build sustained and high-quality earning power and achieve further growth as we move to the next stage of our bid to become a global logistics company. Since then, we have undertaken various initiatives based on the plan’s business policies, several of which we will introduce below.

Three Business Policies of MOVE 2015

(Fiscal year ended March 31, 2016 to fiscal year ending March 31, 2018)



Numerical targets for fiscal year ending March 31, 2018

Net Sales	¥280 Billion
Operating Income	¥11 Billion
Operating Cash Flow	¥20 Billion
ROE	8.0 %

Examples of initiatives in medium-term management plan “MOVE 2015”

1 New P&M Center

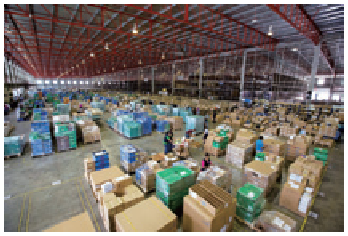
Completed the construction of a dedicated logistics facility in Kobe City in Hyogo Prefecture in May 2015 and in September in Kazo City in Saitama Prefecture. These facilities are for the healthcare business, such as pharmaceutical products and medical equipment. The Group sees the healthcare business as a growth area for the Warehouse Business, and has reinforced its foundation in recent years. These two new facilities bring the number of dedicated facilities to two in Kobe for the Kansai area and one in the Kanto area, for a total of three. Having bases in both the east and west of Japan will enable the Group to contribute to customers’ BCP measures against natural disasters with high-quality logistics facilities. P&M stands for “pharma & medical.” The name of these dedicated facilities for the health care business, including existing facilities, will be standardized as “P&M Center” going forward.

Kansai P&M Center (Kobe City in Hyogo Prefecture): Completed in May 2015
Total floor space of approximately 13,200 m²

Kanto P&M Center (Kazo City in Saitama Prefecture): Completed in September 2015
Total floor space of approximately 19,800 m²

2 Mitsui-Soko Supply Chain Solutions, Inc.

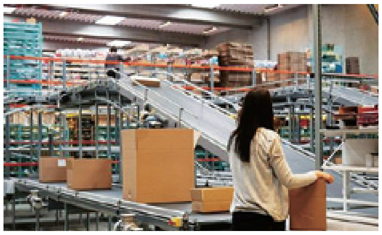
Began a joint logistics business with Sony Corporation in Japan, Thailand and Malaysia, leading to the establishment of Mitsui-Soko Supply Chain Solutions, Inc. in April 2015. By devising a logistics plan that is closely tied to global operation systems and production plans and utilizing knowhow, a platform service can be provided that encompasses the entire supply chain, from procurement to manufacturing and sales. We aim to generate further synergies in international logistics and the sales and distribution field within the Group going forward.



Assembling manufacturing components for shipment in a warehouse in Malaysia

3 Prime Cargo A/S

In May 2015, Prime Cargo A/S, based in Denmark, became a Group company. Prime Cargo particularly excels in apparel logistics and consumer goods logistics for large toy retail stores and others, and has established a solid logistics network between China and Europe. With the addition of this distribution network from Asia to Europe, we expect the logistics network to expand when utilizing the networks of PST CLC, a Group subsidiary based in the Czech Republic. By setting up a base in Northern Europe, an area we had not yet entered, we will be able to gain a key foothold for business development that extends beyond the four Northern European countries to include Germany and other border countries, the three Baltic countries and central eastern European countries.



Prime Cargo, based in Denmark, excels in the distribution and processing of apparel

4 Mitsui-Soko Transport Co., Ltd.

Acquired 100% of the shares of Marukyo Transportation Co., Ltd. (Osaka and Ehime) with the aim of strengthening the Group’s transportation functions. Mitsui-Soko Transport Co., Ltd. was established as its administrative company. Marukyo Transportation owns over 1,000 vehicles and operates in a wide range of businesses, including the cargo vehicle transport and warehouse businesses, primarily in the Kansai and Shikoku regions. Bringing this company into the Group makes it possible to organically link Group companies via these transportation functions, as well as to provide one-stop services across the supply chain and respond to the recent shift to “Small-lot, high-frequency” logistics.

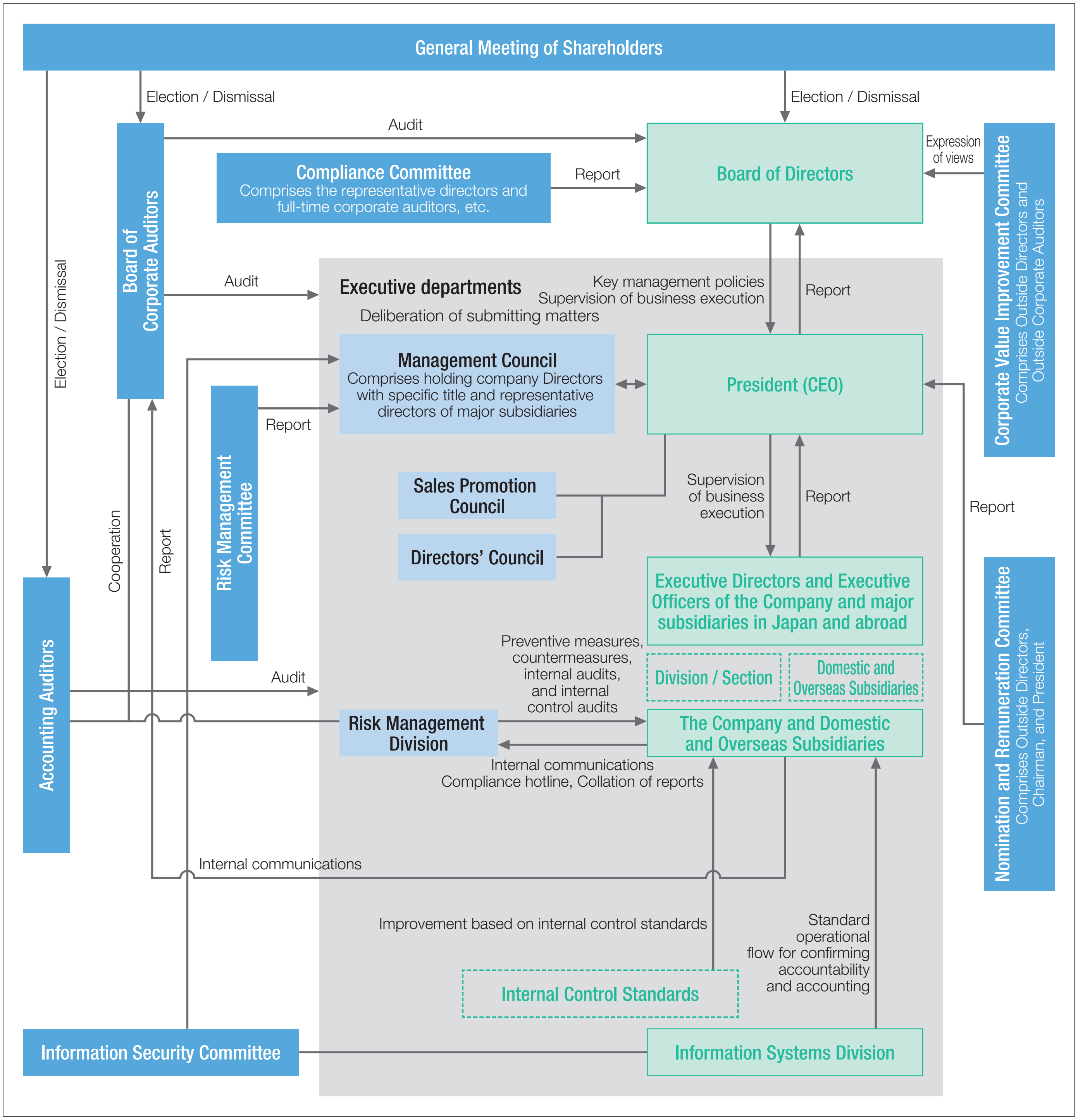
Marukyo Transportation owns over 1,000 vehicles

In addition to aiming to organically develop and grow the logistics functions expanded through these measures, the Group is implementing measures aimed at improving profitability and financial health by pursuing its previous initiatives of “topline growth by strengthening the generation of Group synergies” and “improved productivity through improved operations and standardization,” as well as overhauling the profit structure of its base operations and the business portfolio.

Corporate Governance

Basic Policy

Cognizant of Mitsui-Soko's social mission, the Company's directors, corporate auditors and employees are dedicated to performing their responsibilities faithfully in order to protect shareholders' interests. In addition to establishing various organizational entities for decision-making and oversight, the Company introduced an Executive Officer System that separates business execution and oversight functions and clarifies responsibilities and authority for business execution by directors and executive officers as part of our initiatives for strengthening corporate governance.



Key Entities and Responsibilities

The Board of Directors meeting: The meeting, chaired by the Chairman, is held monthly to make important decisions as stipulated by applicable laws, the Company's articles of incorporation and internal rules and regulations. It also oversees the performance of company operations under the supervision of the executive directors.

The Board of Corporate Auditors: The Board is composed of four corporate auditors: two full-time corporate auditors (one is an outside corporate auditor) and two part-time outside corporate auditors. An auditing staff supports the Board of Corporate Auditors in fulfilling its responsibilities.

Management Council meeting: The meeting, presided by the President, is held semimonthly to discuss and resolve related matters with aims of maximizing our corporate value.

Sales Promotion Council: This council consists of the president, directors designated by the president, and presidents (or those of equivalent rank) of the seven operating companies designated by the president. The Council meets regularly once a month, and the members share information that helps to expand and promote sales and information on earnings.

Director's Council: The Council consists of directors, corporate auditors and presidents (or those of equivalent rank) of the seven operating companies designated by the president. The Council meets four times a year and the members exchange information intended to ensure familiarity with important items covering the Group's management overall and to promote mutual understanding of the Group's conditions.

Nomination and Remuneration Committee: The Committee is made up of two outside directors, the president and the chairman, with one of the outside directors serving as committee chair. The Committee raises the objectivity and transparency of the process for selecting directors and enhances the objectivity and transparency of the director remuneration decision process, such as considering the validity and appropriateness of performance-linked compensation.

Risk Management Committee: The executive director in charge of risk management serves as committee chair. The Committee meets once every quarter with the objective of reducing the Group's risks. The Committee appropriately confirms risks in business activities, decides on measures to respond to relevant risks, manages the progress and results of these response policies, and prepares and updates manuals to prevent and prepare for risks.

Compliance Committee: The president serves as committee chair. The Committee meets once every quarter to discuss compliance violations affecting the Group's management and ways of responding, to establish corporate codes of conduct to serve as directors' and employees' behavior guidelines, to develop a compliance system, and to promote respect for compliance and prevent compliance violations.

Information Security Committee: The executive director in charge of information systems serves as chair. The Committee meets once every quarter and sets up a system related to the Group's information security management, promotes and reviews activities, and protects personal information and corporate information.

Corporate Value Improvement Committee: This Committee consists of outside directors, outside corporate auditors and external experts. This is an independent organization that makes objective decisions to protect shareholders' joint interests in the event that a proposal to buy a large percentage of shares is made that could potentially damage the Company's and the Group's corporate value or shareholders' joint interest, and excludes the arbitrary judgments of the board of directors and also gives necessary advice to the board of directors.

Establishment of an Internal Control System

The Company has put in place internal controls to ensure that the execution of duties by directors conforms with laws and the Company's articles of incorporation as well as to ensure the appropriateness of other operations carried out by the Company. We have also established rules and regulations associated with our compliance structures, for example, Corporate Ethical Standards, to serve as a code of conduct to help directors and employees ensure that their actions are consistent with applicable laws such as the Company's articles of incorporation and social norms. To ensure that these rules and regulations are properly observed, the Risk Management Division exercises cross-sectional control of compliance initiatives and carries out education and training activities, and the internal auditing department monitors compliance. The results of these activities are reported regularly to the Board of Directors and to the Board of Corporate Auditors.

The Company also maintains a compliance hotline that is available for all Group employees to directly provide information on possible illegal conduct.

Risk Management Structure and Internal Auditing

Under the supervision of the Chief Compliance Officer, who is responsible for the Corporate Administrative Headquarters, the Risk Management Division strives to reduce corporate risk by preventing potential risk, preparing and revising countermeasure manuals, and conducting internal audits.

In addition to working with associated operational headquarters to develop countermeasure manuals for high-priority risks, verifying the implementation of preventive measures and sharing results throughout the Company, the division orchestrates a continuous review process. Other responsibilities include conducting internal audits to assess whether the Company's operations are carried out in keeping with the established procedures and rules, verifying results, examining and implementing improvement plans, and reviewing procedures. The division then provides the Board of Corporate Auditors and Accounting Auditors with the results of these activities appropriately.

List of Directors and Corporate Auditors of the Group

Mitsui-Soko Holdings / Directors, Corporate Auditors

As of July 1, 2016

Directors

Chairman	Kazuo Tamura
President *	Kei Fujioka
Executive Managing Director *	Yukihiro Nakaya
Executive Managing Director	Nobuo Nakayama
Executive Managing Director	Hirobumi Koga
Director	Ryoji Ogawa
Director	Keiji Wada
Director	Takayoshi Masuda
Outside Director (part-time)	Kazunari Uchida
Outside Director (part-time)	Mamoru Furuhashi

Representative Director *

Corporate Auditors

Senior Corporate Auditor (full-time)	Shinichiro Sasao
Corporate Auditor (full-time)	Norio Miyashita
Outside Corporate Auditor (full-time)	Maoko Kikuchi
Outside Corporate Auditor (part-time)	Osamu Sudoh
Outside Corporate Auditor (part-time)	Motohide Ozawa

Operating Companies / Directors

As of July 1, 2016

MITSUI-SOKO	
Chairman	Kazuo Tamura
President *	Kei Fujioka
Senior Executive Managing Director *	Makoto Tawaraguchi
Senior Executive Managing Director *	Eiji Michise
Executive Managing Director	Osamu Odanaka
Director	Noboru Matsukawa
Director	Eisuke Tanaka
Director	Hideki Wakano
Director (part-time)	Yukihiro Nakaya
MITSUI-SOKO INTERNATIONAL	
Director Chairman of the board	Kei Fujioka
Managing Director	Yoshiaki Miyajima
Director	Hiroshi Ito
Director	Hiroshi Torii
Director	Masaji Hosoda
Director (part-time)	Ryoji Ogawa
MITSUI-SOKO EXPRESS	
Chairman	Kei Fujioka
President *	Takanobu Kubo
Senior Executive Managing Director *	Ken Gohara
Executive Managing Director	Nobushige Hiro
Director	Isao Aramaki
MITSUI-SOKO LOGISTICS	
President *	Yukio Ishida
Executive Director	Hiroshi Etani
Director (part-time)	Nobuo Nakayama
MITSUI-SOKO BUSINESS TRUST	
President *	Hiroshi Kino
Director (part-time)	Hirobumi Koga
Director (part-time)	Keiji Wada
MITSUI-SOKO Supply Chain Solutions	
President *	Seiichi Kawasaki
Director	Masanori Nakajima
Director	Yukihiro Nakaya
Director (part-time)	Keiji Wada
Director (part-time)	Kazuhiko Komada
MITSUI-SOKO TRANSPORT	
Chairman *	Atsushi Watanabe
President *	Koji Yagawa
Senior Vice President (part-time)	Hirobumi Koga
Executive Managing Director	Hideto Shigeno
Director (part-time)	Takayoshi Masuda
Director (part-time)	Satoshi Watanabe

Representative Director *

Management's Discussion and Analysis

Business Results

Net Sales

As a result of the consolidation of several logistics companies during the fiscal year ended March 31, 2016, the Group recorded net sales of ¥212,971 million, representing a ¥42,485 million year-over-year gain (24.9%).

By segment, the Group recorded net sales of ¥203,872 million (¥43,307 million, 27.0% year-over-year increase) in the Logistics Segment and ¥9,614 million (¥863 million, 8.2% decrease) in the Real Estate Segment.

Cost of Sales and SG&A Expenses

Together with the increase in net sales, cost of sales increased by ¥37,584 million (25.0%) compared to the previous fiscal year, amounting to ¥187,816 million. The ratio of cost of sales to net sales increased by 0.1 points to 88.2%. Selling, general and administrative (SG&A) expenses increased by ¥7,726 million (54.6%) year-over-year, amounting to ¥21,867 million.

Operating Income

Operating income decreased by ¥2,824 million (46.2%) year-over-year to ¥3,287 million due to deteriorating revenue from overseas operations resulting from a stagnant global economy, the impact of the winding down of increased transport demand caused by port congestion in North America, and a reduction in the handling for client shipping companies in port terminal operations.

Operating income results by segment showed the Logistics Segment at ¥2,130 million (¥1,458 million, 40.6% decrease) and the Real Estate Segment at ¥4,916 million (¥955 million, 16.3% decrease).

Other Income (Expenses)

Other Income (Expenses) - net improved by ¥1,263 million year-over-year, amounting to ¥473 million expenses due to gains on sales of property, plant and equipment and gains on negative goodwill despite impairment losses.

Net income attributable to owners of parent

Net income attributable to owners of parent decreased by ¥1,000 million (82.5%) year-over-year to ¥211 million. Net income per share decreased by ¥8.06 to ¥1.70 from ¥9.76 in the previous fiscal year.

Financial Position

Assets and Equity

Total assets at the end of the fiscal year amounted to ¥285,939 million, representing a ¥40,725 million year-over-year increase. This increase was mainly owing to the inclusion of several logistics companies in the scope of consolidation, including Mitsui-Soko Supply Chain Solutions, Inc. Equity decreased by ¥6,299 million compared to the previous fiscal year to ¥66,681 million.

Cash Flows

Cash flow from operating activities amounted to ¥11,101 million of inflow. This represented an increase of ¥3,054 million, compared to the previous fiscal year due to an increase in depreciation expenses and amortization of goodwill not accompanied by cash expenditures, as well as an increase in the liquidation of accounts receivable. This offset the decrease in income before income taxes.

Cash flow from investing activities amounted to ¥36,019 million of outflow due to the acquisition of shares in several logistics companies, expenditures for repairs to rental buildings and expenditures for the acquisition of warehouse facilities in Japan and overseas. This represented a ¥21,210 million increase in net outflow compared to the previous fiscal year.

Cash flow from financing activities amounted to ¥28,826 million of inflow due to a net increase in long- and short-term debt to raise investment funds. The overall inflow represented a ¥15,990 million increase compared to the previous fiscal year.

Consolidated Balance Sheet

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
March 31, 2016

ASSETS	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars (Note 1) 2016
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	¥ 25,000	¥ 22,717	$ 221,875
Time deposits other than cash equivalents (Note 14)	1,401	1,078	12,434
Receivables (Note 14):			
Trade notes and accounts	32,316	25,207	286,800
Unconsolidated subsidiaries and associated companies	7	74	67
Other	2,939	2,093	26,088
Deferred tax assets (Note 12)	1,336	1,110	11,860
Other current assets	7,037	5,961	62,452
Allowance for doubtful accounts	(92)	(98)	(822)
Total current assets	69,946	58,146	620,756
PROPERTY, PLANT AND EQUIPMENT (Notes 5, 6 and 16):			
Land	56,803	50,666	504,117
Buildings and structures	185,621	163,577	1,647,335
Machinery and equipment	24,025	17,429	213,221
Other	12,301	11,188	109,175
Construction in progress	3,466	7,642	30,761
Total	282,219	250,504	2,504,610
Accumulated depreciation	(137,825)	(122,531)	(1,223,161)
Net property, plant and equipment	144,393	127,973	1,281,448
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 14)	12,880	16,600	114,312
Investments in unconsolidated subsidiaries and associated companies (Note 14)	4,215	4,698	37,409
Long-term loans	474	415	4,211
Goodwill (Notes 3, 10 and 16)	34,965	21,100	310,303
Intangible assets	7,712	6,260	68,449
Assets for retirement benefits (Note 8)	3,665	4,757	32,530
Deferred tax assets (Note 12)	1,931	810	17,141
Other assets	5,985	4,674	53,122
Allowance for doubtful accounts	(232)	(223)	(2,064)
Total investments and other assets	71,598	59,093	635,417
TOTAL	¥ 285,939	¥ 245,213	$ 2,537,623

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars (Note 1) 2016
CURRENT LIABILITIES:			
Payables (Note 14):			
Trade notes and accounts	¥ 17,832	¥ 13,686	$ 158,261
Unconsolidated subsidiaries and associated companies	17	12	156
Other	3,977	4,215	35,296
Short-term borrowings (Notes 6 and 14)	7,395	5,998	65,632
Current portion of long-term debt (Notes 6 and 14)	26,051	21,574	231,194
Deposits received	5,470	6,020	48,552
Income taxes payable	1,890	1,463	16,781
Accrued expenses	6,539	3,646	58,037
Other current liabilities	2,952	2,024	26,205
Total current liabilities	72,128	58,641	640,118
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 14)	127,334	97,508	1,130,056
Liability for retirement benefits (Note 8)	6,695	4,345	59,423
Deferred tax liabilities (Note 12)	6,574	7,349	58,350
Other long-term liabilities	6,523	4,387	57,896
Total long-term liabilities	147,129	113,591	1,305,727
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 7, 13 and 15)			
EQUITY (Notes 9 and 18):			
Common stock—authorized, 400,000,000 shares; issued, 124,415,013 shares in 2016 and 2015	11,100	11,100	98,515
Capital surplus	5,563	5,563	49,370
Retained earnings	38,889	39,919	345,130
Treasury stock—at cost, 227,241 shares in 2016 and 226,925 shares in 2015	(101)	(101)	(897)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	4,829	6,351	42,864
Deferred gain (loss) on derivatives under hedge accounting	0	(0)	0
Foreign currency translation adjustments	1,108	4,173	9,837
Defined retirement benefit plans	284	1,237	2,529
Total	61,675	68,245	547,349
Non-controlling interests	5,006	4,735	44,426
Total equity	66,681	72,980	591,776
TOTAL	¥ 285,939	¥ 245,213	$ 2,537,623

Consolidated Statement of Income

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET SALES	¥ 212,971	¥ 170,486	$ 1,890,058
COST OF SALES	187,816	150,232	1,666,815
Gross profit	25,155	20,253	223,242
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	21,867	14,140	194,063
Operating income	3,287	6,112	29,179
OTHER INCOME (EXPENSES):			
Interest and dividend income	763	391	6,778
Interest expense	(1,363)	(1,104)	(12,101)
Commission fee	(500)	(1,320)	(4,440)
Foreign exchange (loss) gain—net	(691)	548	(6,136)
Equity in earnings of associated companies	65	64	582
Gain on bargain purchase (Note 3)	1,704		15,127
Gain on sales of property, plant and equipment—net	1,236	39	10,972
Impairment loss (Note 16)	(1,424)		(12,645)
Gain on sales of investment securities—net	951	237	8,440
Tax and dues	(548)	(69)	(4,864)
Expenses incurred upon acquisition	(291)		(2,583)
Other—net (Note 11)	(375)	(524)	(3,328)
Other expenses—net	(473)	(1,736)	(4,200)
INCOME BEFORE INCOME TAXES	2,814	4,376	24,979
INCOME TAXES (Note 12):			
Current	2,758	2,179	24,485
Deferred	(108)	296	(964)
Total income taxes	2,650	2,475	23,520
NET INCOME	164	1,900	1,458
NET (LOSS) INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(47)	688	(421)
NET INCOME ATTRIBUTABLE TO OWNERS OF PARENT	¥ 211	¥ 1,212	$ 1,880

	Yen		U.S. Dollars (Note 1)
	2016	2015	2016
PER SHARE OF COMMON STOCK (Notes 2.r and 18):			
Basic net income	¥ 1.70	¥ 9.76	$ 0.02
Cash dividends applicable to the year	10.00	9.50	0.09

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
NET INCOME	¥ 164	¥ 1,900	$ 1,458
OTHER COMPREHENSIVE INCOME (Note 17):			
Unrealized (loss) gain on available-for-sale securities	(1,522)	1,940	(13,509)
Deferred gain (loss) on derivatives under hedge accounting	0	(0)	0
Foreign currency translation adjustments	(3,079)	1,957	(27,326)
Share of other comprehensive income in associates	(482)	493	(4,278)
Defined retirement benefit plans	(1,065)	772	(9,456)
Total other comprehensive income	(6,148)	5,163	(54,569)
COMPREHENSIVE INCOME	¥ (5,984)	¥ 7,064	$ (53,111)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of parent	¥ (5,329)	¥ 6,159	$ (47,293)
Non-controlling interests	(655)	905	(5,817)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2016

			Millions of Yen										
							Accumulated Other Comprehensive Income (Loss)						
	Number of Common Stock	Number of Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, APRIL 1, 2014 (as previously reported)	124,415,013	(226,131)	¥11,100	¥ 5,563	¥39,238	¥ (100)	¥ 4,411	¥ 0	¥ 1,939	¥ 464	¥62,618	¥ 3,318	¥ 65,936
Cumulative effect of accounting change					585						585		585
BALANCE, APRIL 1, 2014 (as restated)	124,415,013	(226,131)	11,100	5,563	39,824	(100)	4,411	0	1,939	464	63,203	3,318	66,522
Net income attributable to owners of parent					1,212						1,212		1,212
Cash dividends, ¥9.0 per share					(1,117)						(1,117)		(1,117)
Purchase of treasury stock		(794)				(0)							
Net change in the year							1,940	(0)	2,233	772	4,946	1,417	6,363
BALANCE, APRIL 1, 2015	124,415,013	(226,925)	11,100	5,563	39,919	(101)	6,351	(0)	4,173	1,237	68,245	4,735	72,980
Net income attributable to owners of parent					211						211		211
Cash dividends, ¥10.0 per share					(1,241)						(1,241)		(1,241)
Purchase of treasury stock		(316)				(0)							
Net change in the year							(1,522)	0	(3,065)	(952)	(5,539)	270	(5,269)
BALANCE, MARCH 31, 2016	124,415,013	(227,241)	¥11,100	¥ 5,563	¥38,889	¥ (101)	¥ 4,829	¥ 0	¥ 1,108	¥ 284	¥61,675	¥ 5,006	¥ 66,681

					Thousands of U.S. Dollars (Note 1)						
					Accumulated Other Comprehensive Income (Loss)						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, APRIL 1, 2015	$ 98,515	$ 49,370	$354,271	$ (896)	$ 56,372	$ (0)	$ 37,039	$ 10,981	$605,653	$ 42,028	$ 647,682
Net income attributable to owners of parent			1,880						1,880		1,880
Cash dividends, $0.09 per share			(11,021)						(11,021)		(11,021)
Purchase of treasury stock				(0)							
Net change in the year					(13,507)	0	(27,201)	(8,452)	49,161	2,398	(46,763)
BALANCE, MARCH 31, 2016	$ 92,515	$ 49,370	$345,130	$ (897)	$ 42,864	$ 0	$ 9,837	$ 2,529	$547,349	$ 44,426	$ 591,776

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2016

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
OPERATING ACTIVITIES:			
Income before income taxes	¥ 2,814	¥ 4,376	$ 24,979
Adjustments for:			
Income taxes—paid	(2,695)	(1,568)	(23,925)
Depreciation and amortization	8,246	7,074	73,185
Amortization of goodwill	2,969	1,813	26,349
Gain on bargain purchase	(1,704)		(15,127)
Impairment loss	1,424		12,645
Gain on sales of property, plant and equipment—net	(1,236)	(39)	(10,972)
Gain on sales of investment securities	(951)	(237)	(8,440)
Changes in assets and liabilities:			
Decrease in allowance for doubtful accounts	(32)	(7)	(286)
Increase in liability for retirement benefits	562	210	4,993
Decrease (increase) in notes and accounts receivable—trade	3,748	(2,056)	33,266
Decrease in notes and accounts payable—trade	(2,703)	(1,185)	(23,993)
Other—net	658	(331)	5,846
Total adjustments	8,286	3,671	73,542
Net cash provided by operating activities	11,101	8,047	98,521
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(13,640)	(13,781)	(121,054)
Proceeds from sales of property, plant and equipment	5,559	123	49,336
Purchases of intangible assets	(795)	(720)	(7,061)
Purchases of investment securities	(14)	(301)	(125)
Proceeds from sales of investment securities	2,400	260	21,301
Payments for investment in associates		(617)	
Proceeds from collection of loans	166	48	1,481
Purchase of investments in subsidiaries		(154)	
Purchase of shares of subsidiaries resulting in change in scope of consolidation ((Note 20)	(21,944)		(194,753)
Proceeds from investments in subsidiaries resulting in change in scope of consolidation	79	400	701
Payments for transfer of business (Note 20)	(7,577)		(67,251)
Other—net	(251)	(67)	(2,233)
Net cash used in investing activities	(36,019)	(14,809)	(319,659)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings—net	821	(1,859)	7,288
Proceeds from long-term debt	52,184	37,102	463,120
Repayments of long-term debt	(22,360)	(20,852)	(198,441)
Dividends paid	(1,241)	(1,117)	(11,021)
Purchase of treasury stock	(0)	(0)	(0)
Other—net	(576)	(436)	(5,115)
Net cash provided by financing activities	28,826	12,835	255,828
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	¥ (1,625)	¥ 699	$ (14,425)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,283	6,774	20,265
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,717	15,943	201,610
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 25,000	¥ 22,717	$ 221,875

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2016

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards and accounting principles generally accepted in the United States of America.

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. In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MITSUI-SOKO HOLDINGS 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 ¥112.68 to $1, the approximate rate of exchange at March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

In regard to the figures presented in the consolidated financial statements including the notes, Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. U.S. dollar figures less than thousand dollars also are rounded down to the nearest thousand dollars, except for per share data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*—The consolidated financial statements as of March 31, 2016, include the accounts of the Company and its 89 (57 in 2015) significant subsidiaries (together, the "Group").

Under the control and influence concepts, 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 six (six in 2015) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and the 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 acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is treated as goodwill and is being amortized over a period of equal to or less than 20 years.

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 also eliminated.

The fiscal year-end date for 29 of 49 consolidated foreign subsidiaries is December 31, which is different from the consolidated year-end date. With respect to those subsidiaries, financial statements as of their year-end date were previously used for preparation of consolidated financial statements after necessary adjustments for consolidation were performed on significant transactions that took place between the last year-end date of those companies and the consolidated year-end date. Effective the fiscal year ended March 31, 2016, however, in order to further increase the quality of financial reporting, the preparation method for consolidated financial statements was changed to a new method under which the 29 consolidated subsidiaries are provisionally closed at the consolidated fiscal year-end date for consolidation. In line with this change, the consolidated financial statements for the fiscal year ended March 31, 2016 include financial statements of these companies for fifteen months (January 1, 2015 through March 31, 2016) with adjustments made through consolidated income statements. The financial results of the 29 companies from January 1, 2016 to March 31, 2016 were as follows: Net sales ¥5,496 million ($48,779 thousand), Operating income ¥73 million ($654 thousand), Income before income taxes ¥25 million ($230 thousand) and Net loss attributable to owners of parent ¥2 million ($19 thousand).

b. *Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*—In May 2006, the Accounting Standards Board of Japan (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." PITF No. 18 prescribes that 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. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the accounting principles generally accepted in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of research and development (R&D) and (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting.

c. *Business Combinations*

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) Transactions with non-controlling interest - A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of non-controlling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the non-controlling interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference is accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, "minority interest" under the previous accounting standard is changed to "non-controlling interest" under the revised accounting standard.

(c) Presentation of the consolidated statement of income - In the consolidated statement of income, "income before minority interest" under the previous accounting standard is changed to "net income" under the revised accounting standard, and "net income" under the previous accounting standard is changed to "net income attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination - If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs - Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with non-controlling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with non-controlling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with non-controlling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company applied the revised accounting standards and guidance for (a) transactions with non-controlling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs above, effective April 1, 2015, and (d) provisional accounting treatments for a business combination above for a business combination which occurred on or after April 1, 2015. The revised accounting standards and guidance for (a) transactions with non-controlling interest and (e) acquisition-related costs were applied prospectively.

With respect to (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, the applicable line items in the 2015 consolidated financial statements have been accordingly reclassified and presented in line with those in 2016.

The Company has applied these standards in accordance with the transitional treatment prescribed in Section 58-2 (4) of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from April 1, 2015, into the future.

The effect of these changes in accounting standards on the consolidated financial statements for the fiscal year ended March 31, 2016 was to decrease Income before taxes by ¥45 million ($404 thousand) and decrease Net income per share by ¥0.37 (¢0.33).

d. *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 certificates of deposit, all of which mature or become due within three months of the date of acquisition.

e. *Marketable and Investment Securities*—Marketable and investment securities are classified and accounted for, depending on management's intent, as 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.

Nonmarketable available-for-sale securities 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.

f. *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.

g. *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 based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, leased assets of the Company and its consolidated domestic subsidiaries, 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 structures and from 2 to 15 years for machinery and equipment. The useful lives for leased assets are the terms of the respective leases.

h. *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 is 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.

i. *Intangible Assets*—Intangible assets are carried at cost, less accumulated amortization, which is calculated using the straight-line method principally over five years for software. The useful lives for leased assets are the terms of the respective leases.

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

k. *Retirement and Pension Plans*—The Company and certain consolidated domestic subsidiaries have noncontributory 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 and a domestic consolidated subsidiary has a prepaid retirement plan. Certain consolidated foreign subsidiaries has defined contribution pension plans.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments (see Note 8).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above effective March 31, 2014, and for (c) above effective April 1, 2014.

l. *New Accounting Pronouncements*

Tax Effect Accounting—On December 28, 2015, the ASBJ issued ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets.

The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the company's classification in respect of its profitability, taxable profit and temporary differences, etc.

The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

The new guidance is effective for the beginning of annual periods beginning on or after April 1, 2016. Earlier application is permitted for annual periods ending on or after March 31, 2016. The new guidance shall not be applied retrospectively and any adjustments from the application of the new guidance at the beginning of the reporting period shall be reflected within retained earnings or accumulated other comprehensive income at the beginning of the reporting period.

The Company expects to apply the new guidance on recoverability of deferred tax assets effective April 1, 2016, and is in the process of measuring the effects of applying the new guidance in future applicable periods.

m. *Asset Retirement Obligations*—In March 2008, the ASBJ issued ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. *Leases*—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

o. *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 income tax rates to the temporary differences.

p. *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 statement of income.

q. *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 are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

r. *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 respective years, including dividends to be paid after the end of the year.

s. *Accounting Changes and Error Corrections*—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies
When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors
When an error in prior-period financial statements is discovered, those statements are restated.

3. BUSINESS COMBINATION

a. Acquisition through Purchase of Shares

1. Summary of business combination

(1) Details of acquired companies

1) Purchase of shares

Name: Sony Supply Chain Solutions, Inc.
Logistics Operation Service, Inc.
Sony Supply Chain Solutions (Thailand) Ltd.
MS Supply Chain Solutions (Malaysia) Snd. Bhd.
Business: Logistics business related to supply chain solutions

2) Transfer of business

Name: Sony Supply Chain Solutions (Malaysia) Snd. Bhd.
Business: Logistics business related to supply chain solutions

MS Supply Chain Solutions (Malaysia) Snd. Bhd. took over the business from Sony Supply Chain Solutions (Malaysia) Snd. Bhd.

(2) Overview of the objectives

The Company aims to benefit from utilizing Sony Group's experienced human resources and global distribution services network, including Sony Group's experience in closely coordinating distribution and production plans. Reaching these objectives will enable the Company to establish platform-based services that take the entire supply chain from the procurement of components to manufacture to sales into consideration and to expand direct sales of its distribution business.

(3) Date of business combination

April 1, 2015

(4) Legal form of the business combination

Acquisition of the shares and transfer of the business

(5) Name of the acquired company after reorganization

Effective April 1, 2015, the names of the two companies were changed to Mitsui-Soko Supply Chain Solutions, Inc. from Sony Supply Chain Solutions, Inc. and to MS Supply Chain Solutions (Thailand) Ltd from Sony Supply Chain Solutions (Thailand) Ltd.

(6) Acquired voting right ratios

Sony Supply Chain Solutions, Inc.	66%
Logistics Operation Service Co., Ltd.	70%
Sony Supply Chain Solutions (Thailand) Ltd.	49%
MS Supply Chain Solutions (Malaysia) Snd. Bhd.	100%

(7) Main basis for determining the acquiring company

The Company paid cash in consideration for acquiring the shares of the companies stated above and purchasing the business.

2. The period for which the operations of the acquired company are included in the consolidated financial statements

From April 1, 2015 to March 31, 2016

3. Cost of acquisition and form of consideration

	Millions of Yen	*Thousands of U.S. Dollars*
Consideration for the acquisition—Cash and cash equivalent	¥ 19,175	$ 170,172
Acquisition cost	¥ 19,175	$ 170,172

4. Acquisition-related cost

Advisory and commission fee for legal and financial advisory services and others

¥249 million ($2,214 thousand)

5. Amount of goodwill incurred, reasons for the goodwill incurred, and method and period of amortization

(1) Amount of goodwill incurred

¥14,423 million ($128,000 thousand)

(2) Reasons for the goodwill incurred

Excess earnings power is expected from the development of the business in the future

(3) Method and period of amortization

For 20 years by the straight-line method

6. Assets acquired and liabilities assumed at the date of the business combination

	Millions of Yen	*Thousands of U.S. Dollars*
Current assets	¥ 9,841	$ 87,338
Fixed assets	3,383	30,028
Total assets	¥ 13,224	$ 117,366
Current liabilities	¥ 5,555	$ 49,303
Long-term liabilities	1,821	16,160
Total liabilities	¥ 7,376	$ 65,464

Notes to Consolidated Financial Statements

b. Acquisition through Purchase of Shares

1. Summary of business combination

(1) Details of acquired companies

Name: Prime Cargo A/S and three other companies
Prime Cargo (H.K.) Limited and another company

Business: Marine freight and air freight shipping and distribution processing

(2) Overview of the objectives

The Company aims to develop its business base in Northern Europe and further strengthen its business status in Europe.

(3) Date of business combination

April 1, 2015 and June 30, 2015 (deemed acquisition date)

(4) Legal form of the business combination

Acquisition of the shares

(5) Name of the acquired company after reorganization

The names remain the same as before the acquisition

(6) Acquired voting right ratios

100% of the shares of the companies acquired

(7) Main basis for determining the acquiring company

The Company paid cash in consideration for acquiring the shares of the companies stated above.

2. The period for which the operations of the acquired company are included in the consolidated financial statements

Prime Cargo A/S and three other companies
From July 1, 2015, to March 31, 2016

Prime Cargo (H.K.) Limited and another company
From April 1, 2015, to March 31, 2016

3. Cost of acquisition and form of consideration

	Millions of Yen	*Thousands of U.S. Dollars*
Consideration for the acquisition—Cash and cash equivalent	¥ 5,575	$ 49,481
Acquisition cost	¥ 5,575	$ 49,481

4. Acquisition-related cost

Advisory and commission fee for legal and financial advisory services and others
¥308 million ($2,736 thousand)

5. Amount of goodwill incurred, reasons for the goodwill incurred, and method and period of amortization

(1) Amount of goodwill incurred

Prime Cargo A/S ¥1,829 million ($16,235 thousand)
Prime Cargo (H.K.) Limited ¥1,587 million ($14,085 thousand)

(2) Reasons for the goodwill incurred

Excess earnings power which is expected from the development of the business in the future

(3) Method and period of amortization

Prime Cargo A/S For 11 years by the straight-line method
Prime Cargo (H.K.) Limited For 7 years by the straight-line method

6. Assets acquired and liabilities assumed at the date of the business combination

	Millions of Yen	*Thousands of U.S. Dollars*
Current assets	¥ 2,738	$ 24,307
Fixed assets	1,361	12,083
Total assets	¥ 4,100	$ 36,390
Current liabilities	¥ 1,574	$ 13,975
Long-term liabilities	366	3,255
Total liabilities	¥ 1,941	$ 17,230

7. Pro forma information (unaudited)
If this business combination had been completed as of April 1, 2015, the beginning of the current fiscal year, the effects on the consolidated statement of income for the year ended March 31, 2016, would be as follows:

Prime Cargo A/S and three other companies

	Millions of Yen	Thousands of U.S. Dollars
Net sales	¥ 1,788	$ 15,872
Operating loss	(102)	(910)
Loss before income taxes	(117)	(1,042)
Net loss attributable to owners of parent	(183)	(1,629)

	Yen	U.S. Dollars
Net loss per share	¥ (1.48)	$ (0.01)

c. Acquisition through Purchase of Shares

1. Summary of Business combination

(1) Details of acquired companies
Name: Marukyo Transportation Co., Ltd. (Marukyo Osaka)
Marukyo Transportation Co., Ltd. (Marukyo Ehime)
and 10 other companies
Business: Automobile transport and warehousing business, consigned freight forwarding business and real estate business

(2) Overview of the objectives
The Company developed its medium-term management plan "MOVE 2015" under a holding company system in order to accelerate growth of the entire group and realize its business strategies. It has implemented diverse services including developing platform services to achieve further growth toward a new stage to be a global logistics company. By strengthening the transport function through this acquisition, it will connect the transport functions of each business company and enable us to supply one-stop services to an entire supply chain. This also contributes to creating further group synergies and significantly enhancing productivity as this allows us to respond to recent "smaller-lots and multi frequency" logistics trends and to a driver shortage.

(3) Date of business combination
December 31, 2015 (deemed acquisition date)

(4) Legal form of the business combination
Acquisition of the shares

(5) Name of the acquired company after reorganization
The names remain the same as before the acquisition

(6) Acquired voting right ratios
100% of the shares of the companies acquired

(7) Main basis for determining the acquiring company
The Company paid cash in consideration for acquiring the shares of the companies.

2. The period for which the operations of the acquired company are included in the consolidated financial statements
From January 1, 2016 to March 31, 2016

3. Cost of acquisition and form of consideration

	Millions of Yen	Thousands of U.S. Dollars
Consideration for the acquisition—Cash and cash equivalent	¥ 9,992	$ 88,680
Acquisition cost	¥ 9,992	$ 88,680

4. Acquisition related cost
Advisory and commission fee for legal and financial advisory services and others
113 million ($1,004 thousand)

5. Amount of bargain purchase incurred and reason for the bargain purchase incurred

(1) Amount of bargain purchase incurred
1,683 million ($14,939 thousand)

(2) Reasons for the bargain purchase incurred
As the net amount of undertaken assets and liabilities exceeded the acquisition cost of the shares, the difference is accounted for as gain on bargain purchase.

6. Assets acquired and liabilities assumed at the date of the business combination

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 6,320	$ 56,088
Fixed assets	15,917	141,260
Total assets	¥ 22,237	$ 197,349
Current liabilities	¥ 5,348	$ 47,464
Long-term liabilities	5,211	46,254
Total liabilities	¥ 10,560	$ 93,718

7. Pro forma information (unaudited)

If this business combination had been completed as of April 1, 2015, the beginning of the current fiscal year, the effects on the consolidated statement of income for the year ended March 31, 2016, would be as follows:

	Millions of Yen	Thousands of U.S. Dollars
Net sales	¥ 21,746	$ 192,989
Operating income	1,028	9,125
Income before income taxes	919	8,160
Net income attributable to owners of parent	626	5,558

	Yen	U.S. Dollars
Net income per share	¥ 5.04	$ 0.05

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Noncurrent:			
Equity securities	**¥ 12,880**	¥ 16,600	**$ 114,312**
Total	**¥ 12,880**	¥ 16,600	**$ 114,312**

The costs and aggregate fair values of marketable and investment securities at March 31, 2016 and 2015, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2016				
Securities classified as available-for-sale:				
Equity securities	**¥ 4,977**	**¥ 7,011**	**¥ (52)**	**¥ 11,935**
March 31, 2015				
Securities classified as available-for-sale:				
Equity securities	¥ 5,294	¥ 9,421	¥ (40)	¥ 14,675

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2016				
Securities classified as available-for-sale:				
Equity securities	**$ 44,172**	**$ 62,220**	**$ (466)**	**$ 105,926**

The information for sale of available-for-sale securities which were sold during the year ended March 31, 2016, is as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses	Proceeds	Realized Gains	Realized Losses
March 31, 2016						
Securities classified as available-for-sale:						
Equity securities	**¥ 2,400**	**¥ 951**		**$21,301**	**$ 8,440**	

The impairment loss on write-down of available-for-sale equity securities for the year ended March 31, 2016 was ¥86 million ($770 thousand) and for the year ended March 31, 2015 was nil.

5. INVESTMENT PROPERTY

In November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures."

The Group owns rental properties such as office buildings and land in Tokyo and other areas. The net of rental income and operating expenses for those rental properties was ¥5,349 million ($47,476 thousand) and ¥6,188 million for the fiscal years ended March 31, 2016 and 2015, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			*Fair Value*
April 1, 2015	*Increase/Decrease*	***March 31, 2016***	***March 31, 2016***
¥ 40,260	¥ (3,758)	**¥ 36,502**	**¥ 140,466**

Millions of Yen			
Carrying Amount			*Fair Value*
April 1, 2015	*Increase/Decrease*	*March 31, 2015*	*March 31, 2015*
¥ 37,807	¥ 2,453	¥ 40,260	¥ 143,376

Thousands of U.S. Dollars			
Carrying Amount			*Fair Value*
April 1, 2015	*Increase/Decrease*	***March 31, 2016***	***March 31, 2016***
$ 357,302	$ (33,354)	**$ 323,948**	**$ 1,246,599**

Notes: 1. Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
2. Decrease during the fiscal year ended March 31, 2016, primarily represents purchase of property.
3. Fair value of major properties as of March 31, 2016, is measured by an outside real estate appraiser and fair value of other properties is measured by the Company in accordance with its Income Approach.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2016 and 2015, mainly consisted of notes to banks. The annual interest rates applicable to the short-term borrowings ranged from 0.20% to 1.85% and from 0.52% to 0.73% at March 31, 2016 and 2015, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
1.66% unsecured bonds due 2016		¥ 4,000	
1.27% unsecured bonds due 2018	**¥ 7,000**	7,000	**$ 62,122**
0.91% unsecured bonds due 2016		3,000	
0.82% unsecured bonds due 2017	**10,000**	10,000	**88,746**
0.67% unsecured bonds due 2019	**10,000**	10,000	**88,746**
0.78% unsecured bonds due 2020	**10,000**	10,000	**88,746**
0.45% unsecured bonds due 2021	**10,000**	10,000	**88,746**
0.83% unsecured bonds due 2025	**10,000**	10,000	**88,746**
Subtotal	**¥ 57,000**	¥ 64,000	**$ 505,857**
Loans from banks and other financial institutions are due serially to 2031 with interest rates ranging from 0.33% to 7.11% and 0.41% to 2.10% in 2016 and 2015, respectively:			
Collateralized	**4,205**	106	**37,318**
Unsecured	**92,180**	54,975	**818,076**
Total	**153,385**	119,082	**1,361,251**
Less current portion	**(26,051)**	(21,574)	**(231,194)**
Long-term debt, less current portion	**¥ 127,334**	¥ 97,508	**$ 1,130,056**

Annual maturities of long-term debt at March 31, 2016, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2017	**¥ 26,051**	**$ 231,194**
2018	**21,592**	**191,629**
2019	**38,807**	**344,403**
2020	**19,794**	**175,671**
2021	**22,870**	**202,964**
2022 and thereafter	**24,269**	**215,386**
Total	**¥ 153,385**	**$ 1,361,251**

Assets of ¥11,226 million ($99,630 thousand) pledged as collateral for debt as of March 31, 2016, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures—net of accumulated depreciation	**¥ 4,607**	**$ 40,890**
Land	**6,618**	**58,739**
Total	**¥ 11,226**	**$ 99,630**

Collateralized short-term borrowings, current portion of long-term debt, and long-term debt at March 31, 2016, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Short-term borrowings	**¥ 1,006**	**$ 8,927**
Current portion of long-term debt	**700**	**6,213**
Long-term debt	**3,504**	**31,105**
Total	**¥ 5,211**	**$ 46,246**

7. OVERDRAFTS AND LOAN COMMITMENTS

The Company has concluded overdraft agreements with four banks and loan commitment contracts with three banks for efficient procurement of working capital. The portion of the credit that had not been exercised under these agreements and contracts as of March 31, 2016 and 2015, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Total overdraft limits	**¥ 7,000**	¥ 7,000	**$ 62,122**
Loan executions			
	¥ 7,000	¥ 7,000	**$ 62,122**

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Total loan commitment limits	**¥ 5,000**	¥ 5,000	**$ 44,373**
Loan executions			
	¥ 5,000	¥ 5,000	**$ 44,373**

8. RETIREMENT AND PENSION PLANS

1. Overview of retirement benefit plans

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

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

2. Retirement and pension plans

(1) The changes in defined benefit obligation for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Balance at beginning of year (as previously reported)	**¥ 7,627**	¥ 8,620	**$ 67,696**
Cumulative effect of accounting change		(1,039)	
Balance at beginning of year (as restated)	**7,627**	7,581	**67,696**
Current service cost	**931**	710	**8,268**
Interest cost	**63**	30	**561**
Actuarial losses	**479**	113	**4,259**
Benefits paid	**(639)**	(839)	**(5,675)**
Increase of newly consolidated subsidiaries	**3,669**		**32,563**
Others	**7**	30	**63**
Balance at end of year	**¥ 12,139**	¥ 7,627	**$ 107,737**

(2) The changes in plan assets for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Balance at beginning of year	**¥ 8,039**	¥ 6,966	**$ 71,347**
Expected return on plan assets	**80**	25	**717**
Actuarial (losses) gains	**(873)**	1,301	**(7,754)**
Contributions from the employer	**94**	23	**834**
Benefits paid	**(165)**	(277)	**(1,466)**
Increase of newly consolidated subsidiaries	**1,934**		**17,167**
Balance at end of year	**¥ 9,109**	¥ 8,039	**$ 80,845**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Funded defined benefit obligation	**¥ 6,256**	¥ 3,338	**$ 55,526**
Plan assets	**(9,109)**	(8,039)	**(80,845)**
	(2,852)	(4,700)	**(25,319)**
Unfunded defined benefit obligation	**5,883**	4,289	**52,211**
Net liability (asset) for defined benefit obligation	**¥ 3,030**	¥ (411)	**$ 26,892**

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Liability for retirement benefits	**¥ 6,695**	¥ 4,345	**$ 59,423**
Asset for retirement benefits	**(3,665)**	(4,757)	**(32,530)**
Net liability (asset) for defined benefit obligation	**¥ 3,030**	¥ (411)	**$ 26,892**

(4) The components of net periodic benefit costs for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Service cost	¥ 931	¥ 710	$ 8,268
Interest cost	63	30	561
Expected return on plan assets	(80)	(25)	(717)
Recognized actuarial gains	(169)	(70)	(1,504)
Amortization of prior service cost	(98)	(44)	(871)
Net periodic retirement benefit costs	¥ 646	¥ 601	$ 5,736

Note: In addition to the net periodic benefit cost stated above, extra retirement benefits of ¥4 million ($37 thousand) and ¥91 million were recorded as expenses for the years ended March 31, 2016 and 2015, respectively. The ¥57 million ($507 thousand) contribution for the dissolution of employees' pension fund was recorded as expenses for the year ended March 31, 2016.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Prior service cost	¥ 45	¥ 45	$ 405
Actuarial losses (gains)	1,553	(1,105)	13,788
Total	¥ 1,599	¥ (1,060)	$ 14,194

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2016 and 2015, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Unrecognized prior service cost	¥ (39)	¥ 6	$ (349)
Unrecognized actuarial losses	222	1,775	1,970
Total	¥ 182	¥ 1,782	$ 1,621

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2016 and 2015, consisted of the following:

	2016	2015
Equity investments	68%	84%
Debt investments	15%	7%
General accounts	4%	4%
Cash and cash equivalents	4%	3%
Others	9%	1%
Total	100%	100%

Notes: 1. The total of plan assets includes 26% of the assets contributed to a retirement benefit trust for the defined-benefit corporate pension plan and 34% for the years ended March 31, 2016 and 2015 respectively, and 38% of the assets contributed to a retirement benefit trust for retirement lump-sum payment plan and 50% for the years ended March 31, 2016 and 2015, respectively. Others were mainly due to the investment funds including commingled investment funds and hedge funds.

2. Percentages may not add to 100 due to rounding.

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2016 and 2015 are set forth as follows:

	2016	2015
Discount rate	**0.1-1.0%**	0.3-1.0%
Expected rate of return on plan assets	**2.0-3.0%**	2.0%
Expected salary increase rate	**2.0-8.4%**	5.1-6.1%

3. Defined contribution system

The amount of required contributions to the Company and certain consolidated subsidiaries under the defined contribution plans is ¥191 million ($1,696 thousand) and ¥124 million for the years ended March 31, 2016 and 2015, respectively.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, 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 a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, 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 Companies Act permits companies to distribute dividends-in-kind (noncash 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 Companies Act 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 equity after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act 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 Companies Act 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 a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act 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.

10. AMORTIZATION OF GOODWILL

Amortization of goodwill included in selling, general and administrative expenses was ¥2,969 million ($26,349 thousand) and ¥1,813 million for the years ended March 31, 2016 and 2015, respectively.

11. OTHER INCOME (EXPENSES)

Other expenses—net for the years ended March 31, 2016 and 2015, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2016	*2015*	***2016***
Loss on disposal of long-lived assets	**¥ (182)**	¥ (204)	**$ (1,617)**
Gain on redemption of golf club membership		1	
Other	**(192)**	(321)	**(1,711)**
Other expenses—net	**¥ (375)**	¥ (524)	**$ (3,328)**

12. 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 33.1% and 35.6% for the years ended March 31, 2016 and 2015, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Deferred tax assets:			
Liability for employees' retirement benefits	**¥ 2,689**	¥ 1,683	**$ 23,872**
Accrued bonuses	**788**	669	**6,993**
Property, plant and equipment	**1,224**	951	**10,870**
Tax loss carryforwards	**5,166**	1,198	**45,855**
Golf club memberships	**55**	3	**496**
Loss on write-down of securities	**530**	2	**4,706**
Goodwill	**7**	173	**65**
Other	**735**	896	**6,529**
Less valuation allowance	**(5,777)**	(1,456)	**(51,276)**
Total	**5,421**	4,123	**48,114**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(2,129)**	(3,029)	**(18,897)**
Gain on contribution of securities to the employee retirement benefit trust	**(1,386)**	(1,469)	**(12,305)**
Property, plant and equipment	**(3,612)**	(3,870)	**(32,060)**
Other	**(1,600)**	(1,183)	**(14,201)**
Total	**(8,728)**	(9,552)	**(77,464)**
Net deferred tax liabilities	**¥ (3,307)**	¥ (5,428)	**$ (29,350)**

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, 2016 and 2015, was as follows:

	2016	2015
Normal effective statutory tax rate	**33.1%**	35.6%
Expenses not deductible for income tax purposes	**2.7**	2.0
Income not taxable for income tax purposes	**(26.7)**	(12.5)
Per capita portion of inhabitant tax	**4.8**	1.5
Effect of elimination of dividend income from subsidiaries for consolidation purpose	**32.2**	13.1
Lower income tax rates applicable to income in certain foreign countries	**(7.8)**	(7.5)
Valuation allowance	**9.7**	5.1
Effect of consolidation adjustments	**38.0**	20.1
Adjustment of deferred tax assets due to change in income tax rate	**(3.9)**	(5.0)
Amortization of goodwill	**13.3**	3.0
Other—net	**(1.2)**	1.2
Actual effective tax rate	**94.2%**	56.6%

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal year during the period of April 1, 2016 to March 31, 2018, to approximately 30.9% and for the fiscal year beginning on or after April 1, 2018, to approximately 30.6%.

The effects of these changes were to decrease deferred tax assets, net of deferred tax liabilities, by ¥207 million ($1,837 thousand) and ¥458 million ($4,066 thousand) in the consolidated balance sheets as of March 31, 2016 and 2015, respectively, to decrease income taxes—deferred in the consolidated statement of income for the year ended March 31, 2016, by ¥126 million ($1,126 thousand), and increase Unrealized gain on available-for-sale securities by ¥119 million ($1,062 thousand) and Defined retirement benefit plans by ¥4 million ($40 thousand) in the consolidated financial statements.

At March 31, 2016, the Group has tax loss carryforwards aggregating approximately ¥14,065 million ($124,830 thousand) which are available to be offset against taxable income of such companies of the Group in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Years Ending March 31	*Millions of Yen*	*Thousands of U.S. Dollars*
2017	¥ 52	$ 462
2018	533	4,738
2019	608	5,396
2020	84	750
2021	3,843	34,108
2022 and thereafter	8,943	79,373
Total	¥ 14,065	$ 124,830

13. LEASES

The Group leases certain buildings, structures, computer equipment, machinery and other assets.

Total rental expenses for the years ended March 31, 2016 and 2015, were ¥16,211 million ($143,868 thousand) and ¥13,915 million, respectively.

The minimum rental commitments under non-cancelable operating leases as a lessee at March 31, 2016 and 2015, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2016	*2015*	***2016***
Due within one year	¥ 3,498	¥ 3,009	$ 31,049
Due after one year	10,607	5,624	94,137
Total	¥ 14,106	¥ 8,633	$ 125,186

The Group, as a lessor, leases office space and others.

Total lease revenues for the years ended March 31, 2016, and 2015, were ¥8,970 million ($79,606 thousand) and ¥9,855 million, respectively.

The minimum rental commitments under non-cancelable operating leases as a lessor at March 31, 2016 and 2015, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2016	*2015*	***2016***
Due within one year	¥ 6,321	¥ 6,067	$ 56,097
Due after one year	15,631	21,375	138,722
Total	¥ 21,952	¥ 27,442	$ 194,819

14. FINANCIAL INSTRUMENTS

(1) Group policy for financial instruments
The Group uses financial instruments, mainly including bank loans and bond issuances. Cash surpluses, if any, are invested in low-risk financial assets.

(2) Nature and extent of risks arising from financial instruments
Trade receivables, such as trade notes and trade accounts, are exposed to customer credit risk. The Group manages its credit risk from receivables by monitoring the payment terms and balances of each customer to reduce default risk.

Marketable and investment securities, mainly equity securities, are exposed to the risk of market price fluctuations. The Group manages its market risk by monitoring market value every quarter.

Payment terms of trade payables, such as trade notes and trade accounts, are less than one year. Short-term borrowings are used to fund the Group's ongoing operations, and long-term debt is used to fund its capital financing plan. The Group does not have any loans exposed to market risk from changes in interest rates. Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by reviewing its financial planning every month.

(3) Fair values of financial instruments
Fair values of financial instruments are based on the quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2016	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**¥ 25,000**	**¥ 25,000**	
Time deposits other than cash equivalents	**1,401**	**1,401**	
Trade receivables	**32,324**	**32,324**	
Marketable and investment securities	**11,935**	**11,935**	
Total	**¥ 70,662**	**¥ 70,662**	
Trade payables	**¥ 17,850**	**¥ 17,850**	
Short-term debt	**7,395**	**7,395**	
Long-term debt	**153,385**	**154,552**	**¥ 1,166**
Total	**¥ 178,631**	**¥ 179,798**	**¥ 1,166**
Derivative transaction	**¥ 0**	**¥ 0**	

	Millions of Yen		
March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 22,717	¥ 22,717	
Time deposits other than cash equivalents	1,078	1,078	
Trade receivables	25,282	25,282	
Marketable and investment securities	14,675	14,675	
Total	¥ 63,754	¥ 63,754	
Trade payables	¥ 13,698	¥ 13,698	
Short-term debt	5,998	5,998	
Long-term debt	119,082	119,951	¥ 868
Total	¥ 138,779	¥ 139,648	¥ 868
Derivative transaction	¥ (0)	¥ (0)	

	Thousands of U.S. Dollars		
March 31, 2016	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	**$ 221,875**	**$ 221,875**	
Time deposits other than cash equivalents	**12,434**	**12,434**	
Trade receivables	**286,868**	**286,868**	
Marketable and investment securities	**105,926**	**105,926**	
Total	**$ 627,105**	**$ 627,105**	
Trade payables	**$ 158,418**	**$ 158,418**	
Short-term debt	**65,632**	**65,632**	
Long-term debt	**1,361,251**	**1,371,603**	**$ 10,351**
Total	**$ 1,585,302**	**$ 1,595,654**	**$ 10,351**
Derivative transaction	**$ 0**	**$ 0**	

Cash and Cash Equivalents
The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Time Deposits Other than Cash Equivalents
The carrying values of time deposits other than cash equivalents approximate fair value because of their short maturities.

Marketable and Investment Securities
The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments. Information on the fair value of the marketable and investment securities by classification is included in Note 4.

Trade Receivables and Payables
The carrying values of trade receivables and payables approximate fair value because of their short maturities.

Short-term Debt and Long-term Debt
The carrying values of short-term loans approximate fair value because of their short maturities. The fair values of long-term loans are determined by discounting the cash flows related to the loan at the Group's assumed corporate borrowing rate. The fair values of bonds are measured at the quoted market price of the stock exchange for the equity instruments.

Derivative Transactions
The fair values of derivative transactions are measured at the price indicated by financial institutions. Information on special treatment of interest rate swaps is included in Note 19.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 944**	¥ 1,924	**$ 8,385**

(4) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2016	*Due in One Year or Less*	*Due after One Year through Five Years*	*Due after Five Years through Ten Years*	*Due after Ten Years*
Cash and cash equivalents	**¥ 25,000**			
Time deposits other than cash equivalents	**1,401**			
Trade receivables	**32,324**			
Total	**¥ 58,726**			

	Millions of Yen			
March 31, 2015	*Due in One Year or Less*	*Due after One Year through Five Years*	*Due after Five Years through Ten Years*	*Due after Ten Years*
Cash and cash equivalents	¥ 22,717			
Time deposits other than cash equivalents	1,078			
Trade receivables	25,282			
Total	¥ 49,078			

	Thousands of U.S. Dollars			
March 31, 2016	*Due in One Year or Less*	*Due after One Year through Five Years*	*Due after Five Years through Ten Years*	*Due after Ten Years*
Cash and cash equivalents	**$ 221,875**			
Time deposits other than cash equivalents	**12,434**			
Trade receivables	**286,868**			
Total	**$ 521,178**			

Please see Note 6 for annual maturities of long-term loans and long-term bonds.

15. CONTINGENT LIABILITIES

At March 31, 2016, the Group had the following contingent liabilities:

	Millions of Yen	*Thousands of U.S. Dollars*
Guarantees of loans	¥ 885	$ 7,859
Trade notes endorsed	39	349

16. IMPAIRMENT LOSS ON FIXED ASSETS AND GOODWILL

(1) Impairment losses for the year ended March 31, 2016, are as follows:

Name of company	*Location*	*Used for*	*Type of assets*	*Millions of Yen*	*Thousands of U.S. Dollars*
Mitsui-Soko Business Trust Co., Ltd	Osaka, Japan	Warehouse	Machinery, equipment and others	¥ 318	$ 2,825
Mitsui-Soko International PTE. LTD.	Singapore	Office for its own use	Building, Machinery, equipment and others	33	300
Mitsui-Soko Logistics Co., Ltd	Saitama, Japan	Warehouse	Building, Machinery, equipment and others	20	182
Prime Cargo (H.K.) Limited	-	Logistics business	Goodwill	1,052	9,336
Total				¥ 1,424	$ 12,645

(2) Description of impairment losses

(a) Grouping method

The Group classifies assets or group of assets by cash-generating unit, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

(b) Outline of the recognition

For fixed assets owned by Mitsui-Soko Business Trust Co., Ltd, Mitsui-Soko International PTE. LTD and Mitsui-Soko Logistics Co., Ltd, the book values were written down to the recoverable values as their profitability from operating activities deteriorated and the financial recovery in the short term had not been estimated in a rational way.

For goodwill associated with the acquisition of shares of Prime Cargo (H.K.) Limited, the book values were written down to the recoverable values as it is no longer expected to generate the profits as initially planned.

(c) Method for calculating recoverable value

The recoverable values of fixed assets were computed as the values in use, which were zero. The recoverable value of goodwill was computed by the cash flows based on the future business plan, discounted by 21.33%, the weighted-average cost of capital. The reductions in value were accounted for as an Impairment loss in Other expense of the Consolidated Statement of Income.

(3) Amount of the impairment loss by account

	Millions of Yen	*Thousands of U.S. Dollars*
Buildings and structures	¥ 22	$ 203
Machinery and equipment	250	2,222
Other	99	884
Goodwill	1,052	9,336
Total	¥ 1,424	$ 12,645

17. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2016 and 2015, were as follows

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	**2016**
Unrealized (loss) gain on available-for-sale securities:			
(Losses) gains arising during the year	**¥ (1,688)**	¥ 2,804	**$ (14,986)**
Reclassification adjustments to gain	**(691)**	(237)	**(6,139)**
Amount before income tax effect	**(2,380)**	2,566	**(21,126)**
Income tax effect	**858**	(626)	**7,617**
Total	**(1,522)**	1,940	**(13,509)**
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	**0**	(0)	**0**
Reclassification adjustments to loss			
Amount before income tax effect	**0**	(0)	**0**
Income tax effect	**0**	0	**0**
Total	**0**	(0)	**0**
Foreign currency translation adjustments:			
(Losses) gains arising during the year	**(3,079)**	1,957	**(27,326)**
Reclassification adjustments to gain			
Total	**(3,079)**	1,957	**(27,326)**
Share of other comprehensive income in associates:			
(Losses) gains arising during the year	**(482)**	493	**(4,278)**
Reclassification adjustments to loss			
Total	**(482)**	493	**(4,278)**
Defined retirement benefit plans:			
Adjustments arising during the year	**(1,353)**	1,177	**(12,014)**
Reclassification adjustments to loss	**(245)**	(117)	**(2,180)**
Amount before income tax effect	**(1,599)**	1,060	**(14,194)**
Income tax effect	**533**	(287)	**4,738**
Total	**(1,065)**	772	**(9,456)**
Total other comprehensive income	**¥ (6,148)**	¥ 5,163	**$ (54,569)**

18. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2016 and 2015, was as follows:

Year Ended March 31, 2016	Millions of Yen Net Income attributable to owners of parent	Thousands of Shares Weighted-average Shares	Yen EPS	U.S. Dollars EPS
Basic EPS:				
Net income attributable to owners of parent	**¥ 211**			
Net income attributable to owners of parent available to common shareholders	**¥ 211**	**124,188**	**¥ 1.70**	**$ 0.02**

Year Ended March 31, 2015	Millions of Yen Net Income attributable to owners of parent	Thousands of Shares Weighted-average Shares	Yen EPS
Basic EPS:			
Net income attributable to owners of parent	¥ 1,212		
Net income attributable to owners of parent available to common shareholders	¥ 1,212	124,188	¥ 9.76

Note: Diluted net income per share is not disclosed because there are no outstanding potentially dilutive securities.

19. DERIVATIVES

Derivative transactions to which hedge accounting is applied:

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
March 31, 2016				
Interest rate swaps:	Long-term			
(fixed rate payment, floating rate receipt)	debt	¥ 1,650	¥ 1,650	(Note)

	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount due after One Year	Fair Value
March 31, 2016				
Interest rate swaps:	Long-term			
(fixed rate payment, floating rate receipt)	debt	$ 14,643	$ 14,643	(Note)

Note: The above 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 expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of hedged items (i.e. long-term debt).

20. CASH FLOW INFORMATION

(1) Purchases of newly consolidated subsidiaries

During the year ended March 31, 2016, Mitsui-Soko Supply Chain Solutions, Inc. and 22 other companies were acquired. Assets and liabilities of these companies at the acquisition date, cash paid for the capital, and cash received in conjunction with the purchases of the consolidated subsidiaries were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 19,236	$ 170,715
Fixed assets	19,308	171,358
Goodwill	13,435	119,239
Current liabilities	(12,743)	(113,091)
Long-term liabilities	(7,538)	(66,904)
Negative goodwill	(1,683)	(14,939)
Non-controlling interests	(1,193)	(10,588)
Cash paid for the capital	28,822	255,788
Cash and cash equivalents of acquired subsidiaries	(6,877)	(61,035)
Net cash payments for acquisition	¥ 21,944	$ 194,753

(2) Transfer of business

During the year ended March 31, 2016, MS Supply Chain Solutions (Malaysia) Sdn. Bhd. acquired a new business by means of a transfer of business. Assets and liabilities transferred at the acquisition date, cash paid for the capital, and cash received in conjunction with the business transfer were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 89	$ 791
Fixed assets	1,842	16,347
Goodwill	5,735	50,904
Cash paid for the capital	7,667	68,042
Cash and cash equivalents of acquired subsidiaries	89	791
Net cash payments for transfer of business	¥ 7,577	$ 67,251

21. SUBSEQUENT EVENTS

For the year ended March 31, 2016

Appropriations of Retained Earnings

At the Board of Directors' meeting held on May 13, 2016, the following appropriation of retained earnings at March 31, 2016, was approved:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥5.00 ($0.04) per share	¥ 620	$ 5,510

22. SEGMENT INFORMATION

For the years ended March 31, 2016 and 2015

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of Logistics, which provides logistics services totally and efficiently to its customers across a range of areas, including warehousing, distribution processing, port terminal services, and domestic and international transportation services; and Real Estate. Logistics consists of services such as warehousing, transportation, distribution processing, port-related work and operations to shipping companies; logistics services provided by overseas group companies; consolidated air cargo services and related logistics services; supply chain management through third-party logistics; services concerning business process outsourcing; and other related services. Real Estate consists substantially of leases of real estate.

Effective April 1, 2015, the Group changed the basis of segmentation by combining the former Warehouse, Port Terminal, Global Flow, Global Express, Logistics Systems, Supply Chain Management and BPO segment into a single reportable segment, Logistics. The Group has been enlarging and strengthening the function of logistics as a whole, including acquiring companies under the medium-term management plan "MOVE 2015". Since the comprehensive function of logistics has evolved as a consequence of the acquisitions in the year ended March 31, 2016, the Group reorganized the Logistics segment as a single unit, managing the function to serve the complete logistics needs of its customers. In addition, amortization of goodwill has been reclassified to Logistics from Eliminations/Corporate due to the segment change.

The segment information for the year ended March 31, 2015, is also disclosed using the new reportable segments.

(2) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Segment profit (loss) is operating income, including amortization of goodwill.

Intersegment sales or transfers are based on market prices.

(3) Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen				
	2016				
	Reportable segment				
	Logistics	*Real Estate*	*Total*	*Eliminations/Corporate*	*Consolidated*
Sales:					
Sales to external customers	¥ 203,872	¥ 9,099	¥ 212,971		¥ 212,971
Intersegment sales or transfers		515	515	¥ (515)	
Total	203,872	9,614	213,487	(515)	212,971
Segment profit	2,130	4,916	7,047	(3,759)	3,287
Segment assets	181,796	42,072	223,868	62,070	285,939
Other:					
Depreciation	3,402	2,342	5,745	2,500	8,246
Investments in associates accounted for using the equity method	4,187		4,187		4,187
Increase in property, plant and equipment and intangible assets	23,210	4,695	27,906	4,072	31,978

Notes to Consolidated Financial Statements

	Millions of Yen				
	2015				
	Reportable segment				
	Logistics	*Real Estate*	*Total*	*Eliminations/Corporate*	*Consolidated*
Sales:					
Sales to external customers	¥ 160,564	¥ 9,921	¥ 170,486		¥ 170,486
Intersegment sales or transfers		556	556	¥ (556)	
Total	160,564	10,477	171,042	(556)	170,486
Segment profit	3,589	5,872	9,461	(3,349)	6,112
Segment assets	130,446	44,334	174,781	70,432	245,213
Other:					
Depreciation	2,656	2,160	4,817	2,257	7,074
Investments in associates accounted for using the equity method	4,670		4,670		4,670
Increase in property, plant and equipment and intangible assets	4,858	4,146	9,005	6,004	15,009

	Thousands of U.S. Dollars				
	2016				
	Reportable segment				
	Logistics	*Real Estate*	*Total*	*Eliminations/Corporate*	*Consolidated*
Sales:					
Sales to external customers	**$ 1,809,305**	**$ 80,752**	**$ 1,890,058**		**$ 1,890,058**
Intersegment sales or transfers		**4,576**	**4,576**	**$ (4,576)**	
Total	**1,809,305**	**85,329**	**1,894,635**	**(4,576)**	**1,890,058**
Segment profit	**18,909**	**43,634**	**62,544**	**(33,365)**	**29,179**
Segment assets	**1,613,384**	**373,380**	**1,986,764**	**550,858**	**2,537,623**
Other:					
Depreciation	**30,199**	**20,793**	**50,993**	**22,192**	**73,185**
Investments in associates accounted for using the equity method	**37,165**		**37,165**		**37,165**
Increase in property, plant and equipment and intangible assets	**205,985**	**41,673**	**247,658**	**36,139**	**283,798**

Notes: 1. "Eliminations/Corporate" consists of the following:
1) The adjustment of Segment profit of ¥(3,759) million ($(33,365) thousand) in 2016 and ¥(3,349) million in 2015, which are included in "Eliminations/Corporate," consists of expenses incurred at the administrative section of the Company.
2) Segment assets of ¥62,070 million ($550,858 thousand) in 2016 and ¥70,432 million in 2015, which are included in "Eliminations/Corporate," consist of assets of ¥88,949 million ($789,400 thousand) and ¥94,907 million in the administrative section of the Company and elimination of intersegment transactions of ¥(26,878) million ($238,542 thousand) and ¥(24,475) million in 2016 and 2015, respectively.
3) The increase in property, plant and equipment and intangible assets of ¥4,072 million ($36,139thousand) in 2016 and ¥6,004 million in 2015, which are included in Eliminations/Corporate," consists of the administrative section of the Company.
2. Segment profit is adjusted to operating income in the consolidated statement of income.

(4) Information about geographical areas
Sales

Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
2016			2015			**2016**		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
¥ 154,381	**¥ 58,590**	**¥ 212,971**	¥ 140,577	¥ 29,908	¥ 170,486	**$ 1,370,088**	**$ 519,970**	**$ 1,890,058**

Notes: 1. Sales are classified by country or region based on the location of customers.
2. Sales classified by each country or region that are not significant enough to be disclosed separately are included in "Other."
3. "Other" consists primarily of the United States of America, Hong Kong, China, Singapore, Taiwan and Europe.

(5) Information about segment impairment loss

Segment impairment loss for the year ended March 31, 2016 was ¥1,052 million ($9,336 thousand) for goodwill and ¥372 million ($3,309 thousand) for fixed assets in the Logistics segment and for the year ended March 31, 2015 was nil.

(6) Information about goodwill by segment

	Millions of Yen		
	2016		
	Logistics	Real Estate	Total
Amortization of goodwill	**¥ 2,969**		**¥ 2,969**
Goodwill at March 31, 2016	**34,965**		**34,965**

	Millions of Yen		
	2015		
	Logistics	Real Estate	Total
Amortization of goodwill	¥ 1,813		¥ 1,813
Goodwill at March 31, 2015	21,100		21,100

	Thousands of U.S. Dollars		
	2016		
	Logistics	Real Estate	Total
Amortization of goodwill	**$ 26,349**		**$ 26,349**
Goodwill at March 31, 2016	**310,303**		**310,303**

(7) Information about bargain purchase by segment

In the Logistics segment, ¥1,704 million ($15,127 thousand) of gain on bargain purchase for the year ended March 31, 2016 was recorded due to the purchase of 100% of the shares of Marukyo Transportation Co., Ltd. (Marukyo Osaka), Marukyo Transportation Co., Ltd. (Marukyo Ehime) and 5 other companies and 51% of the shares of Naha International Container Terminal, Inc.

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of MITSUI-SOKO HOLDINGS Co., Ltd. and its consolidated subsidiaries as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 accounting principles generally accepted in Japan, 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MITSUI-SOKO HOLDINGS Co., Ltd. and its consolidated subsidiaries as of March 31, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended 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 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 24, 2016

Member of
Deloitte Touche Tohmatsu Limited

Mitsui-Soko Group Network

As of March 31, 2016

Mitsui-Soko Holdings Co., Ltd. — Tokyo

Holding company, Real Estate Rental Business

Mitsui-Soko Bizport Co., Ltd.	Tokyo

Mitsui-Soko Co., Ltd. — Tokyo

Warehouse Business, Port Terminal Business

Mitsui-Soko Kyushu Co., Ltd.	Fukuoka
IM Express Co., Ltd.	Tokyo
Sanso K.K.	Tokyo
Toko Maruraku Transportation Co., Ltd.	Kanagawa
Sanso Kouun Co., Ltd.	Aichi
Sanko Trucking Co., Ltd.	Aichi
Sanei K.K.	Mie
Mitsunori Corporation	Fukui
Mitsui Warehouse Terminal Service Co., Ltd.	Osaka
Sanyu Service Co., Ltd.	Osaka
Kobe Sunso Koun Co., Ltd.	Hyogo
Sun Transport Co., Ltd.	Hyogo
MK Services Co., Ltd.	Hyogo
Seiyu Koun Co., Ltd.	Fukuoka
Hakata Sanso-Butsuryu Co., Ltd.	Fukuoka
Naha International Container Terminal, Inc.	Okinawa

Mitsui-Soko International Pte. Ltd. — Singapore

Logistics Services Overseas and Combined Transport Business

Mitsui-Soko International Japan Co., Ltd.	Tokyo
Mitsui-Soko NEA Co., Ltd.	Tokyo
Mitsui-Soko (China) Investment Co., Ltd.	China
Mitex Logistics (Shanghai) Co., Ltd.	China
MSC Trading (Shanghai) Co., Ltd.	China
Shanghai MITS Commerce & Trade Co., Ltd.	China
Mitex Shenzhen Logistics Co., Ltd.	China
Nantong Sinavico International Logistics Co., Ltd.	China
Mitex International (Hong Kong) Ltd.	Hong Kong
Mitex Multimodal Express Ltd.	Hong Kong
Noble Business International Ltd.	Hong Kong
Mitex (Tianjin) Co., Ltd.	China
Mitsui-Soko (Taiwan) Co., Ltd.	Taiwan
Mitsui-Soko (Korea) Co., Ltd.	Korea
Mitsui-Soko (Singapore) Pte. Ltd.	Singapore
Mitsui-Soko Southeast Asia Pte.Ltd.	Singapore
Mitsui-Soko (Thailand) Co., Ltd.	Thailand
Mitsui-Soko (Chiangmai) Co., Ltd.	Thailand
Mits Logistics (Thailand) Co., Ltd.	Thailand
Mits Transport (Thailand) Co., Ltd.	Thailand
MS North Star Logistics Co., Ltd.	Thailand
Mitsui-Soko (Malaysia) Sdn. Bhd.	Malaysia
Mitsui-Soko Agencies (Malaysia) Sdn. Bhd.	Malaysia
Integrated Mits Sdn. Bhd.	Malaysia
PT Mitsui-Soko Indonesia	Indonesia
Mitsui-Soko (Philippines), Inc.	Philippines
Mitsui-Soko (U.S.A.) Inc.	U.S.A.
Mitsui-Soko (Americas) Inc.	U.S.A.
Mitsui-Soko (Mexico)S.A. de C.V.	Mexico
Mitsui-Soko (Europe) s.r.o.	Czech Republic
PST CLC, a.s.	Czech Republic
Prime Cargo A/S	Denmark
Prime Cargo (H.K.), Ltd.	Hong Kong
Prime Cargo Shanghai Ltd.	China
PC KH Aps	Denmark
Steamline A/S	Denmark
Prime Cargo Poland	Poland
PST Hungary Kft.	Hungary
Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd.	China
Joint Venture Sunrise Logistics Co., Ltd.	Vietnam
AW Rostamani Logistics LLC	U.A.E.

Mitsui-Soko Express Co., Ltd. — Tokyo

Air Cargo Transport Business

MSE China (Guangzhou) Co., Ltd.	China
MSE Express America, Inc.	U.S.A.
MSE Express Mexico, S.A. DE C.V.	Mexico
MSE Do Brasil Logistica Ltda.	Brasil
MSE Express (Thailand) co., Ltd.	Thailand
N.V. MSE Europe S.A.	Belgium
MSE Europe Freight Forwarding and Logistic Ltd.	Turkey
MS Express South Africa (Pty) Ltd.	South Africa
MSE China (Beijing) Co.,Ltd.	China
PT. Puninar MSE Indonesia	Indonesia
MSE Forwarders India Pvt. Ltd.	India

Mitsui-Soko Logistics Co., Ltd. — Tokyo

3PL Business

Hokkaimitsui-Soko Logistics Co., Ltd.	Hokkaido
M·S Logistics Co., Ltd.	Osaka
Co-next Inc.	Tokyo

Mitsui-Soko Business Trust Co., Ltd. — Tokyo

Outsourcing Business

Mitsui-Soko Business Partners Co., Ltd.	Tokyo

Mitsui-Soko Supply Chain Solutions, Inc. — Tokyo

Supply Chain Management Support Business

Logistics Operation Service Co., Ltd.	Tokyo
MS Supply Chain Solutions (Thailand) Ltd.	Thailand
MS Supply Chain Solutions (Malaysia) Sdn. Bhd.	Malaysia

Mitsui-Soko Transport Co., Ltd. — Osaka

Overland Cargo Transport Business

Marukyo Transportation Co., Ltd.(Osaka)	Osaka
Marukyo Transportation Co., Ltd.(Ehime)	Ehime
AMT Co., Ltd.	Ehime
Marukyo Transportation Co., Ltd.(Kyushu)	Fukuoka
Marukyo Transportation Co., Ltd.(Hiroshima)	Hiroshima
Marukyo Group Cooperative	Osaka
Swallow Logistics Co., Ltd.	Osaka
Fujimatsu Unyu Souko Co., Ltd.	Saitama
Marukyo Shokusan Co., Ltd.	Osaka
Kiwa General Service Co., Ltd.	Wakayama
Shanghai Marukyo Transportation Co., Ltd.	China
Zhangjiagang Bonded Area Marukyo Transportation & Trade Co., Ltd.	China

Corporate Information / Investor Information

As of March 31, 2016

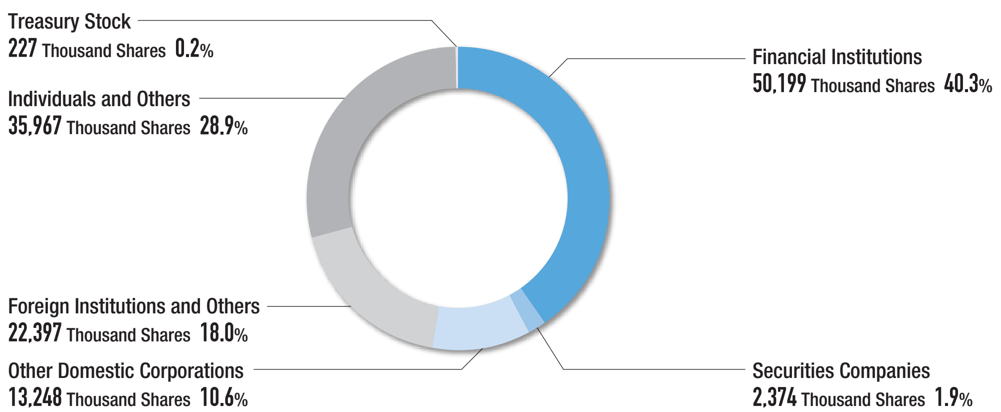
Company Name	MITSUI-SOKO HOLDINGS CO., LTD.
Date of Establishment	October 11, 1909
Head Office	20-1, Nishi-shimbashi 3-chome, Minato-ku, Tokyo 105-0003, Japan Phone: +81 (0)3-6400-8000 Fax: +81 (0)3-6880-9900
Paid-in Capital	¥11,100,714,274
Number of Employees	9,035 (consolidated base) 865 (non-consolidated base)* *734 loaned personnel included
URL	http://msh.mitsui-soko.com
Common Stock	Authorized-400,000,000 shares Issued-124,415,013 shares
Stock Exchange Listings	Tokyo (Securities Code: 9302)
Trading Unit	1,000 shares
Shareholder Register Agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Major Shareholders

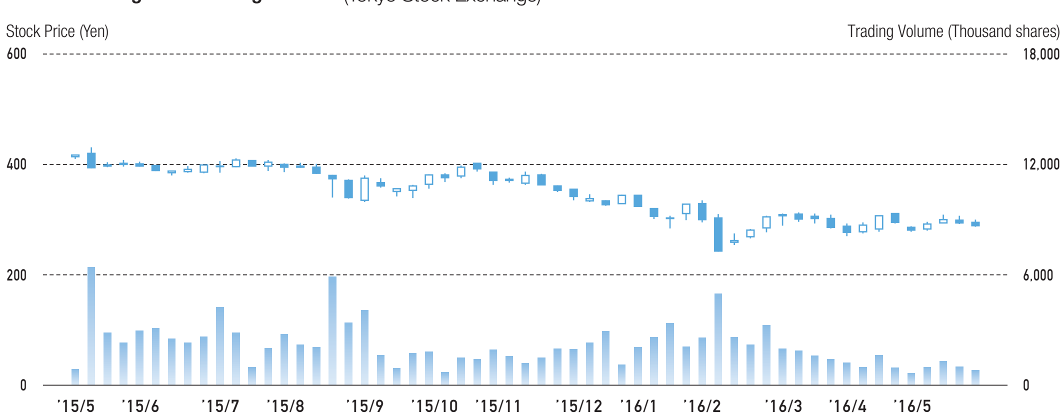
	Number of Shares owned (Thousand shares)	Equity Stake (%)
MITSUI LIFE INSURANCE COMPANY LIMITED	7,846	6.3
Mitsui Sumitomo Insurance Company, Limited	7,005	5.6
Japan Trustee Services Bank, Ltd. (Trust Account)	6,086	4.9
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	6,074	4.9
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,527	2.8
Sumitomo Mitsui Banking Corporation	3,484	2.8
RBC ISB S/A DUB NON RESIDENT/ TREATY RATE UCITS-CLIENTS ACCOUNT	2,600	2.1
MITSUI-SOKO Group Employees' Shareholding Society	2,510	2.0
Takenaka Corporation	2,484	2.0
Sumitomo Mitsui Trust Bank, Limited	2,187	1.8

Note: The number of shares has been rounded down to the nearest thousand.
Equity stake is calculated after deducting treasury stock (227,241 shares).

Composition of Shareholders



Stock Price Range and Trading Volume (Tokyo Stock Exchange)



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