MITSUI-SOKO
HOLDINGS

We Move Goods With Total Dedication

MITSUI-SOKO HOLDINGS Annual Report 2018

Year ended March 31, 2018

Profile

Since its foundation in 1909 (Meiji 42), the Mitsui-Soko Group has widely developed its port transportation business as well as its logistics business, including its international multimodal transportation business, both inside and outside Japan. The Group has placed particular focus on its warehousing operations, which includes the customers' cargo storage, distribution processing and transportation. Based on the corporate DNA, we have cultivated through warehousing business, which focuses on the rest assured handling of the many products and information assets supporting peoples' daily lives, we are constantly looking to evolve in response to the changing times and the more diverse needs of our customers. In recent years, our Group has acquired companies with a variety of services and solutions, comprehensively equipping us to offer a full spectrum of logistics services. Our aim now is to evolve as a global logistics company.

"Value beyond Logistics"

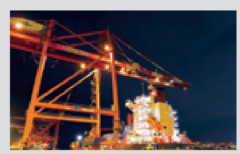
Our Group vision of "Value beyond Logistics" embodies our commitment to help create a brighter future through logistics. Logistics is an indispensable form of social infrastructure that represents a foundation for industry and life connecting the economic activities of production, distribution and consumption. With changes continuing to take place in the business environment exemplified by globalization and advancements in IT, making the role of logistics more advanced and diversified is the right choice. As a unified "One Mitsui-Soko," we aim to become a "first-call company" being approached first by every customer facing logistics issues, by always placing our customers first and dealing with them sincerely.

Overview of Segments and Main Businesses of the Group

We will realize our growth strategy using the centrifugal force that maximizes the "strengths" of each of our operating companies and the Group synergies achieved by combining the services and solutions of each

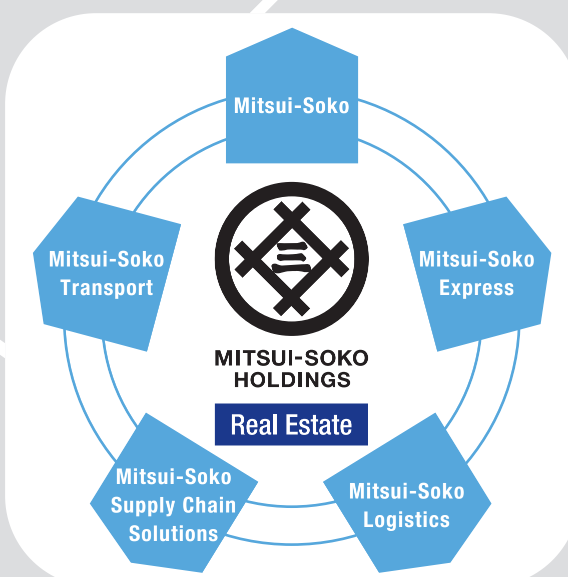
Storage, transportation, Container terminal operations and overseas logistics services

Warehousing · Port transportation · Overseas logistics service



Land Transportation

Provision of logistics network services focused on truck transportation function

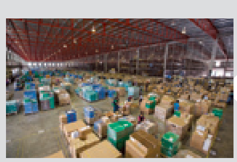


Airfreight Forwarding and Multimodal Forwarding

Airfreight forwarding and marine multimodal forwarding focused on auto parts

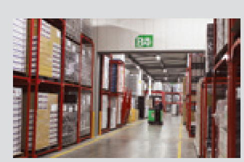
Supply Chain Management Support

Development of supply chain taking production process into account



Third Party Logistics (3PL)

Operation and deliveries for logistics center focused on home appliance products



Note: Mitsui-Soko International Pte Ltd, which mainly provided logistics services outside Japan, brought together its supervisory functions in sales and management centered in its overseas areas of responsibility and integrated them in Mitsui-Soko Co., Ltd., as of April 1, 2018.

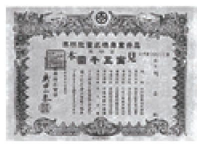
The Evolution of Mitsui-Soko Group

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 transportation business.

1942
- Renamed Mitsui-Soko Co., Ltd.

1950
- Listed on the Tokyo Stock Exchange.



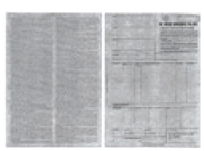
1966
- Launched the cargo vehicle transportation business.

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 transportation services.

1978
- Launched Non Vessel Operating Common Carrier (NVOCC) services.



1982
- Launched full-scale airfreight transportation 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 transportation business, including airfreight transportation services.

2012
- Acquired all shares of SANYO Electric Logistics Co., Ltd. and renamed this company Mitsui-Soko Logistics Co., Ltd. to fortify 3PL business.
- Acquired shares of TAS Express Co., Ltd. to be merged with Mitsui-Soko Air Cargo Inc. and started as Mitsui-Soko Express Co., Ltd.

2014
- Move to a Holding Company System.

2015
- Acquired all shares of 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.

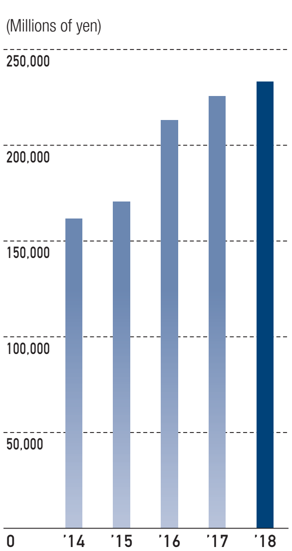
Consolidated Financial Highlights

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

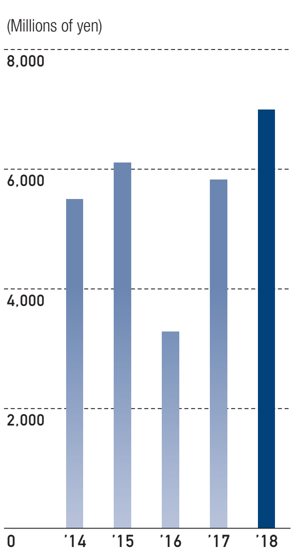
(Millions of Yen)

	2013	2014	2015	2016	2017	**2018**
For the year:						
Operating revenue	148,242	161,536	170,486	212,971	225,503	**233,243**
Operating profit	5,363	5,495	6,112	3,287	5,823	**6,996**
Profit (loss) attributable to owners of parent	3,166	4,492	1,212	211	(23,427)	**4,406**
Net cash flows from operating activities	7,142	13,639	8,047	11,101	12,526	**12,207**
At year-end:						
Total assets	232,873	220,728	245,213	285,939	267,677	**263,155**
Net assets	57,697	65,937	72,980	66,681	41,820	**48,396**
Per share of common stock (in yen):						
Profit (loss)	25.49	36.17	9.76	1.70	(188.65)	**35.48**
Net assets	440.99	504.22	549.53	496.63	303.66	**354.46**
Cash dividends applicable to the year	9.00	9.00	9.50	10.00	5.00	**—**
Ratios:						
Equity ratio (%)	23.5	28.4	27.8	21.6	14.1	**16.7**
Return (loss) on equity (%)	6.0	7.7	1.9	0.3	(47.1)	**10.7**
Interest coverage ratio (times)	4.9	10.4	7.2	8.8	8.5	**8.7**
Price/Earnings ratio (times)	22.7	11.4	41.4	176.1	—	**9.5**

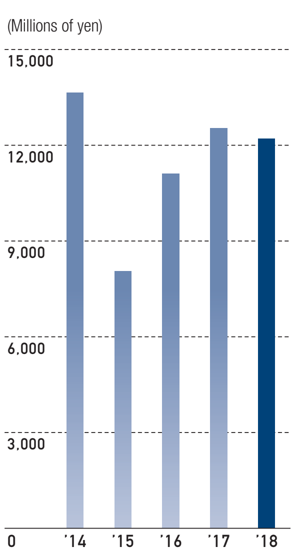
Operating revenue



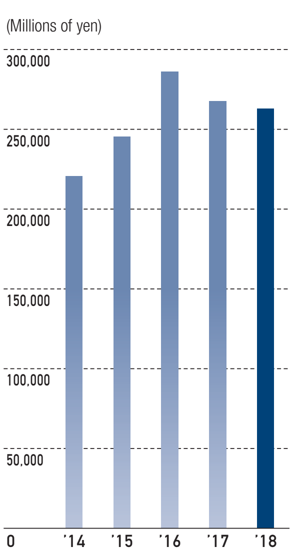
Operating profit



Net cash flows from operating activities



Total assets



Message from the President

President **Hirobumi Koga**

I would like to express my appreciation to all of our shareholders and investors for your consideration and support. Since its foundation in 1909, the Mitsui-Soko Group has spent more than a century continually meeting the changing needs of customers and society.
Based on the corporate DNA we have cultivated through warehousing business, we have been continuing to evolve. Today we offer a comprehensive lineup of logistics services and solutions which now include domestic and overseas manufacturer logistics during the manufacturing process, transportation, storage, delivery, and other services by land, sea, and air, meeting a wide range of need from upstream to downstream.
We intend to continue concentrating on combining our Group's strength so that we can keep going forward together with you all and, acting as a unified "One Mitsui-Soko," help to create a better society.

Medium-term Management Plan 2017

The Group's fiscal 2017 financial report recorded impairment losses of ¥25,400 million. In light of this and other related factors, in November 2017 we formulated our five-year "Medium-term Management Plan 2017." The first year of the plan is fiscal 2018 and the final year is fiscal 2022.
The plan sets forth basic guidelines for the three business operations shown to the right. Taking the business risks fully into consideration, we will carry out specific measures in a steady, consistent manner, so as to accomplish a reversal of our situation in the first three years and turn the remaining two years toward sustainable growth.

<Medium-term Management Plan 2017> Basic Guidelines for Business Operations
1. Reinforcement of the fundamental earnings power of our businesses
2. Rebuilding of our financial base
3. Development of comprehensive solution services based on customers by strengthening Group management

Overview

<Market Environment of Fiscal 2018>

Markets in the developed countries have been experiencing growing uncertainty due to such factors as rising interest rates in the United States and concerns about trade friction.

During the fiscal year under review, Japan's economy showed a continuing trend toward increasing industrial production on a year-over-year basis, and the diffusion index also showed improvement. These and other factors indicate an ongoing moderate recovery. On the other hand, rising interest rates in the United States are among the external environmental factors that are causing growing uncertainty.
In the logistics industry, the cargo turnover ratio, which is an indicator for the movement of cargo, continues a modest upward trend. However, storage volume is trending slightly downward year-over-year, and together with other factors such as rising personnel expenses due to the shortage of drivers and other manpower, as well as rising crude oil prices, this means that the business environment remains harsh.

<Medium-term Management Plan 2017> Numerical Targets (End of FY2022)	
Operating profit	¥10 billion
Balance of interest-bearing debt	¥130 billion
Net D/E ratio	2.0x or less
ROE	Over 9.0%

Business Results

Operating revenue

¥233,243 million
(3.4% increase year-over-year)

Reference: ¥225,503 million for the previous fiscal year

Operating profit

¥6,996 million
(20.2% increase year-over-year)

Reference: ¥5,823 million for the previous fiscal year

Ordinary profit

¥6,521 million
(77.7% increase year-over-year)

Reference: ¥3,668 million for the previous fiscal year

Profit attributable to owners of parent

¥4,406 million

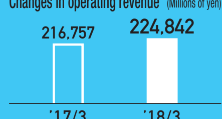
Reference: Loss of ¥23,427 million for the previous fiscal year

Logistics business

Operating revenue

¥224,842 million
(¥8,085 million increase year-over-year)

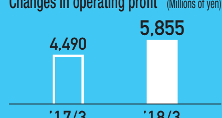
Changes in operating revenue (Millions of yen)



Operating profit

¥5,855 million
(¥1,365 million increase year-over-year)

Changes in operating profit (Millions of yen)

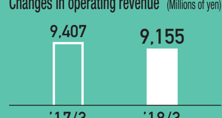


Real estate business

Operating revenue

¥9,155 million
(¥251 million decrease year-over-year)

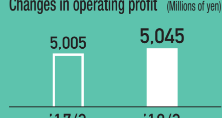
Changes in operating revenue (Millions of yen)



Operating profit

¥5,045 million
(¥39 million increase year-over-year)

Changes in operating profit (Millions of yen)



Note: Operating revenue includes intersegment revenue or transfers, and operating profit is the figure before adjustment for expenses associated with the administrative department.
Note: Figures are shown rounded down to the nearest million yen.

<Fiscal 2018 Consolidated Business Results>

The logistics business held steady, and cost reductions and other such measures taken according to the "Medium-term Management Plan 2017" started contributing to business results.

Amidst this economic environment, the Group's business results for the fiscal year under review showed increases in both operating revenue and operating profit. In the logistics business, the factors involved included solid warehousing business and airfreight transportation business, together with the newly added healthcare logistics business, increase in supply chain management business, as well as cost reduction and other measures taken according to the "Medium-term Management Plan 2017." The real estate business remained generally flat year over year.
The results, as shown to the left, were that consolidated operating revenue increased ¥7,739 million year-over-year to ¥233,243 million, operating profit rose ¥1,173 million to ¥6,996 million, and ordinary profit increased ¥2,852 million to ¥6,521 million, while profit attributable to owners of parent increased ¥27,834 million to ¥4,406 million in contrast with the previous fiscal year when impairment losses of ¥25,478 million on goodwill and property, plant and equipment was recorded.

<Segment Overview>

During the fiscal year under review, the logistics business saw an expansion in warehousing business and airfreight transportation business. There were also increases in the new business in healthcare logistics as well as in supply chain management business. As a result, the logistics business as a whole held steady. The real estate business remained even with the previous fiscal year in both operating revenue and operating profit.

<Financial Position>

Although there was an increase in investment securities accompanying the rise in market price of shareholdings, total assets at the end of the fiscal year amounted to ¥263,155 million, representing a ¥4,522 million year-over-year decrease due to the application of cash and cash equivalents to reduction of interest-bearing debt as well as the reduction in property, plant and equipment and intangible assets that occurred with depreciation.
Net assets amounted to ¥48,396 million, representing ¥6,576 million year-over-year increase due to profit attributable to owners of parent, valuation difference on available-for-sale securities, and other such factors.

Cash Flows

Cash flow from operating activities during the fiscal year under review amounted to ¥12,207 million of inflow. This represented a ¥319 million year-over-year decrease because, even though proceeds from profit before income taxes (the previous fiscal year showed a loss) adjusted for non-fund profit (loss) increased by comparison with the previous fiscal year, other factors were also involved, such as an increase in suspense payment of consumption taxes in connection with construction expenses for new warehouses.

Cash flow from investing activities amounted to ¥5,806 million of outflow. This represented a ¥7,066 million decrease compared to the previous fiscal year because, while capital investment was curtailed with a view to rebuilding our financial base, inflows resulted from the sale of company housing and other property, plant and equipment as well as the sale of strategically held shares when the rationale for holding them was reconsidered.

Cash flow from financing activities amounted to ¥12,180 million of outflow as a result of reductions in interest-bearing debt. This was a ¥18,223 million year-over-year increase.

As a result of the above, the balance of cash and cash equivalents at the end of the period was ¥25,296 million, a ¥5,594 million year-over-year decrease.

<Future Outlook>

We will continue our commitment to reinforce fundamental earnings power of our businesses and rebuild our financial base.

The Group has engaged in investments in logistics facilities, M&A, and other such activities in the past inside and outside Japan that made up a series of active measures to expand our business. With this as a background, we have acquired a comprehensive lineup of logistics services that enable us to meet the diversifying needs of our customers. Going forward, we will make good use of the comprehensive lineup of services we possess as an integrated logistics provider across boundaries of countries, regions, and industries so that we can grapple with solutions to our customers' issues. In this way, we aim to become a "first-call company trusted by customers." We also intend to continue steadily engaging with the fundamental issue of breaking our dependence on the real estate business. The "Medium-term Management Plan 2017" calls for us to reduce costs, strengthen Group management, and so on, and we will continue to focus our strengths on these matters. By working to raise the level of the earnings power of our businesses, in the next fiscal year we expect consolidated operating revenue of ¥230,000 million (down 1.4% year-over-year), operating profit of ¥7,500 million (up 7.2% year-over-year), ordinary profit of ¥6,400 million (down 1.9% year-over-year), and profit attributable to owners of parent of ¥3,800 million (down 13.8% year-over-year).

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

Fiscal 2019 forecast

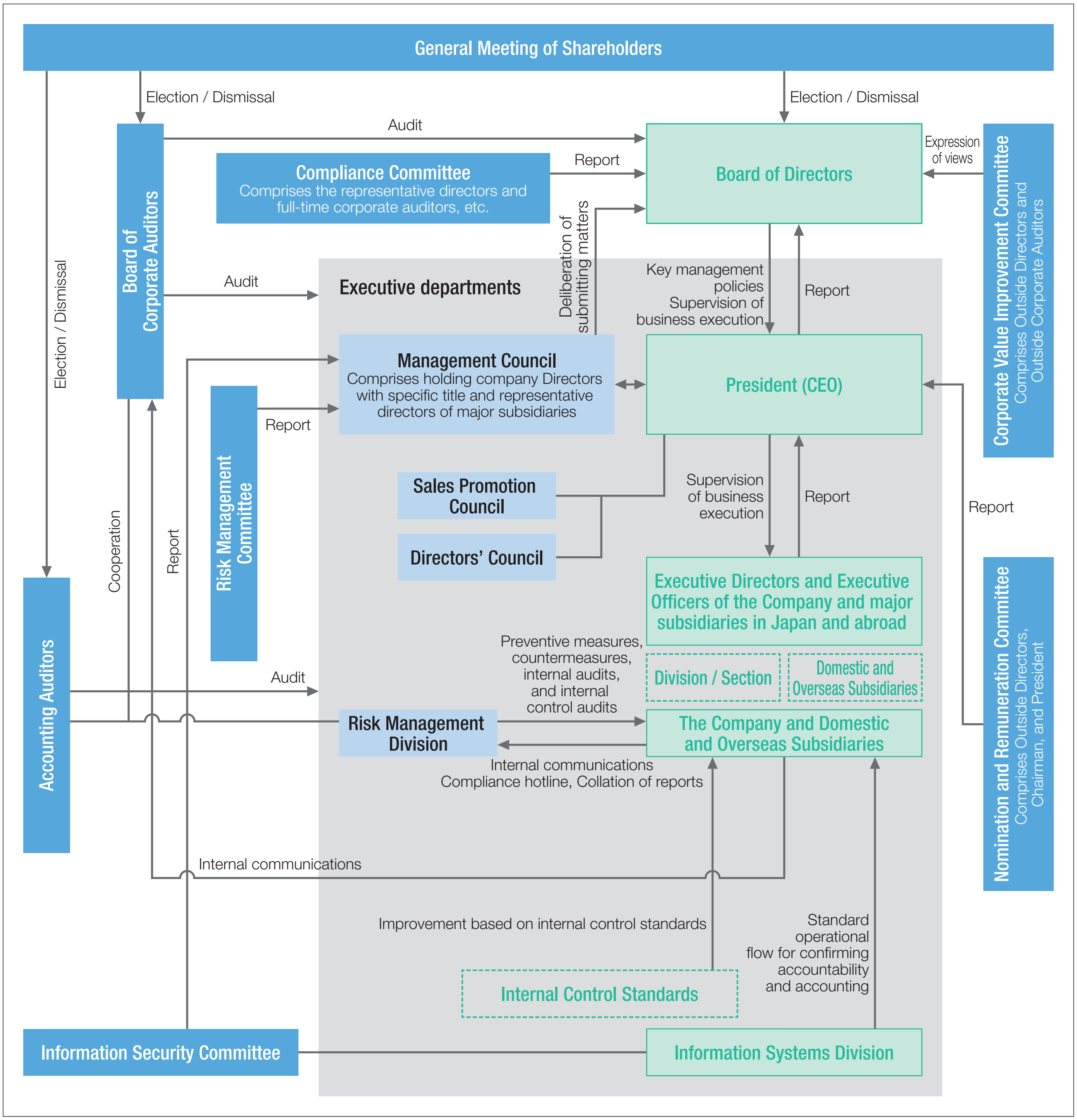
(Millions of yen)

	FY03/18	FY03/19	Changes
Operating revenue	233,243	**230,000**	(3,243)
Operating profit	6,996	**7,500**	+504
Ordinary profit	6,521	**6,400**	(121)
Profit attributable to owners of parent	4,406	**3,800**	(606)
Operating cash flow	12,207	**14,000**	+1,793
Investing cash flow	(5,806)	**(6,500)**	(694)
Financing cash flow	(12,180)	**(9,000)**	+3,180
Equity	44,017	**47,500**	+3,483
Total assets	263,155	**257,000**	(6,155)
Equity ratio	16.7%	**18.5%**	+1.8pt

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 five 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 five 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 Director responsible for 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 Officer 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 Director responsible for Risk Management, 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.

* Figures for the number of operating companies, etc., are current as of July 1, 2018.

List of Directors and Corporate Auditors of the Group

MITSUI-SOKO HOLDINGS CO., LTD.

As of July 1, 2018

Directors

Chairman	Makoto Tawaraguchi
President	Hirobumi Koga
Senior Executive Managing Director	Osamu Odanaka
Senior Executive Managing Director	Nobuo Nakayama
Director	Ryoji Ogawa
Director	Takayoshi Masuda
Director	Takeshi Gouhara
Director	Hiroshi Kino
Outside Director (part-time)	Mamoru Furuhashi
Outside Director (part-time)	Taizaburo Nakano

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

As of July 1, 2018

Mitsui-Soko Co.,Ltd	
Chairman	Makoto Tawaraguchi
President	Hiroshi Kino
Executive Managing Director	Hideki Wakano
Director	Hiroshi Torii
Director	Eisuke Tanaka
Director	Shigeki Kanai
Director (part-time)	Nobuo Nakayama
Director (part-time)	Takeshi Gouhara
Auditor (part-time)	Shinichiro Sasao
Auditor (part-time)	Maoko Kikuchi
Mitsui-Soko Express Co., Ltd.	
Chairman	Hirobumi Koga
President	Takanobu Kubo
Executive Managing Director	Nobushige Hiro
Executive Managing Director	Keiji Wada
Director	Isao Aramaki
Auditor(part-time)	Osamu Odanaka
Auditor(part-time)	Hironori Kagohashi
Mitsui-Soko Logistics Co., Ltd.	
President	Yukio Ishida
Executive Director	Motohiko Isetani
Executive Director	Takanao Sugiura
Director (part-time)	Osamu Odanaka
Director (part-time)	Ryoji Ogawa
Auditor (part-time)	Norio Miyashita
Mitsui-Soko Supply Chain Solutions, Inc.	
President	Takayuki Sekitori
Director (part-time)	Nobuo Nakayama
Director (part-time)	Takeshi Gouhara
Director (part-time)	Hiroki Chino
Director (part-time)	Keiichi Hashimoto
Corporate Auditor (part-time)	Maoko Kikuchi
Mitsui-Soko Transport Co., Ltd.	
Chairman	Atsushi Watanabe
President	Noboru Matsukawa
Senior Vice President (part-time)	Ryoji Ogawa
Executive Managing Director	Hideto Shigeno
Director (part-time)	Takayoshi Masuda
Director (part-time)	Satoshi Watanabe
Corporate Auditor (part-time)	Nobuo Nakayama

Consolidated Financial Statements

Preparation this annual report and placement of the audit

The financial section of this annual report contains excerpts of the financial information, including consolidated financial statements, appearing in the annual securities report for the 170th fiscal period audited by KPMG AZSA LLC, with certain changes made to accommodate the page layout. Consideration has been made to provide this information so that it does not vary from the information appearing in the annual securities report. However, this annual report is not subject to auditing by KPMG AZSA LLC.

Consolidated balance sheet

As of March 31, 2017 and 2018

(Millions of yen)

	2017		2018	
Assets				
Current assets				
Cash and deposits	31,822		**25,798**	
Notes and operation accounts receivable trade	32,407		**32,608**	
Inventories	—		**532**	
Deferred tax assets	1,321		**1,263**	
Other	8,703		**8,250**	
Allowance for doubtful accounts	(393)		**(63)**	
Total current assets	73,861		**68,389**	
Non-current assets				
Property, plant and equipment				
Buildings and structures	191,202		**202,070**	
Accumulated depreciation	(117,170)	*6	**(121,268)**	*6
Buildings and structures, net	74,032	*2	**80,802**	*2
Machinery, equipment and vehicles	24,714		**25,029**	
Accumulated depreciation	(19,759)	*6	**(20,713)**	*6
Machinery, equipment and vehicles, net	4,955		**4,316**	
Land	56,397	*2	**55,604**	*2
Construction in progress	7,182		**19**	
Other	12,487		**13,144**	
Accumulated depreciation	(10,143)	*6	**(10,432)**	*6
Other, net	2,343		**2,712**	
Total property, plant and equipment	144,911		**143,455**	
Intangible assets				
Goodwill	10,529		**9,818**	
Other	6,620		**5,860**	
Total intangible assets	17,149		**15,678**	
Investments and other assets				
Investment securities	15,397	*1	**17,190**	*1
Long-term loans receivable	513		**472**	
Deferred tax assets	2,198		**2,440**	
Net defined benefit asset	4,267		**4,683**	
Other	9,599	*1	**11,447**	*1
Allowance for doubtful accounts	(223)		**(602)**	
Total investments and other assets	31,754		**35,631**	
Total non-current assets	193,815		**194,765**	
Total assets	267,677		**263,155**	

(Millions of yen)

	2017	2018
Liabilities		
Current liabilities		
Notes and operating accounts payable – trade	17,034	**16,578**
Short-term loans payable	6,058 *2	**10,705** *2
Current portion of long-term loans payable	14,972 *2	**17,494** *2
Current portion of bonds	7,000	**10,000**
Income taxes payable	1,737	**2,141**
Provision for bonuses	2,835	**2,831**
Other	16,243	**15,741**
Total current liabilities	65,882	**75,491**
Non-current liabilities		
Bonds payable	40,000	**40,000**
Long-term loans payable	100,847 *2	**79,405** *2
Deferred tax liabilities	7,017	**7,597**
Net defined benefit liability	6,122	**6,228**
Other	5,987	**6,035**
Total non-current liabilities	159,974	**139,267**
Total liabilities	225,856	**214,758**

Net assets		
Shareholders' equity		
Capital stock	11,100	**11,100**
Capital surplus	5,563	**5,563**
Retained earnings	14,219	**18,626**
Treasury shares	(101)	**(102)**
Total shareholders' equity	30,781	**35,187**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,151	**7,533**
Deferred gains or losses on hedges	0	**(1)**
Foreign currency translation adjustment	178	**525**
Remeasurements of defined benefit plans	597	**772**
Total accumulated other comprehensive income	6,928	**8,829**
Non-controlling interests	4,110	**4,379**
Total net assets	41,820	**48,396**
Total liabilities and net assets	267,677	**263,155**

Consolidated statement of income

Fiscal years ended March 31, 2017 and 2018

(Millions of yen)

	2017	2018
Operating revenue		
Warehousing fee income	26,614	**28,332**
Stevedoring income	24,831	**26,894**
Port terminal fee income	18,533	**17,109**
Transportation income	103,588	**110,142**
Real estate income	8,746	**8,400**
Other	43,189	**42,363**
Total operating revenue	225,503	**233,243**
Operating cost		
Direct operation expenses	107,742	**114,634**
Rent expenses	16,392	**16,286**
Depreciation	7,733	**7,610**
Taxes and dues	2,289	**2,357**
Salaries and allowances	30,956	**31,741**
Provision for bonuses	1,562	**1,251**
Retirement benefit expenses	447	**502**
Other	31,569	**31,686**
Total operating cost	198,694	**206,071**
Operating gross profit	26,809	**27,171**
Selling, general and administrative expenses		
Compensations, salaries and allowances	6,151	**6,235**
Provision for bonuses	1,559	**1,448**
Retirement benefit expenses	263	**463**
Depreciation	1,045	**1,075**
Amortization of goodwill	2,753	**1,246**
Taxes and dues	499	**602**
Other	8,713	**9,103**
Total selling, general and administrative expenses	20,986	**20,175**
Operating profit	5,823	**6,996**
Non-operating income		
Interest income	161	**163**
Dividend income	339	**374**
Foreign exchange gains	—	**490**
Share of profit of entities accounted for using equity method	89	**117**
Compensation income	207	**59**
Other	723	**606**
Total non-operating income	1,520	**1,812**
Non-operating expenses		
Interest expenses	1,444	**1,397**
Commission fee	361	**181**
Foreign exchange losses	865	**—**
Loss on retirement of non-current assets	164	**234**
Other	838	**473**
Total non-operating expenses	3,675	**2,287**
Ordinary profit	3,668	**6,521**

(Millions of yen)

	2017	2018
Extraordinary income		
Gain on abolishment of retirement benefit plan	218	**–**
Gain on sales of investment securities	0	**722**
Gain on sales of non-current assets	–	**651** *1
Gain on bargain purchase	–	**470**
Total extraordinary income	218	**1,844**
Extraordinary losses		
Impairment loss	25,478 *2	**–**
Loss on retirement of non-current assets	96	**223**
Other	10	**–**
Total extraordinary losses	25,585	**223**
Profit (loss) before income taxes	(21,697)	**8,142**
Income taxes - current	2,718	**3,459**
Income taxes - deferred	(418)	**(324)**
Total income taxes	2,299	**3,135**
Profit (loss)	(23,997)	**5,007**
Profit (loss) attributable to non-controlling interests	(569)	**600**
Profit (loss) attributable to owners of parent	(23,427)	**4,406**

Consolidated statement of comprehensive income

Fiscal years ended March 31, 2017 and 2018

(Millions of yen)

	2017	2018
Profit (loss)	(23,997)	**5,007**
Other comprehensive income		
Valuation difference on available-for-sale securities	1,321	**1,381**
Deferred gains or losses on hedges	0	**(1)**
Foreign currency translation adjustment	(711)	**251**
Remeasurements of defined benefit plans, net of tax	399	**186**
Share of other comprehensive income of entities accounted for using equity method	(240)	**140**
Total other comprehensive income	769 *	**1,958** *
Comprehensive income	(23,227)	**6,965**
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(22,722)	**6,308**
Comprehensive income attributable to non-controlling interests	(505)	**657**

Consolidated statement of changes in net assets

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,100	5,563	38,889	(101)	55,541
Changes of items during period					
Dividends of surplus			(1,241)		(1,241)
Profit (loss) attributable to owners of parent			(23,427)		(23,427)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(24,669)	(0)	(24,670)
Balance at end of current period	11,100	5,563	14,219	(101)	30,781

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,829	0	1,108	284	6,223	5,006	66,681
Changes of items during period							
Dividends of surplus							(1,241)
Profit (loss) attributable to owners of parent							(23,427)
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	1,321	0	(929)	312	704	(895)	(190)
Total changes of items during period	1,321	0	(929)	312	704	(895)	(24,860)
Balance at end of current period	6,151	0	178	597	6,928	4,110	41,820

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,100	5,563	14,219	(101)	30,781
Changes of items during period					
Dividends of surplus					–
Profit (loss) attributable to owners of parent			4,406		4,406
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	4,406	(0)	4,405
Balance at end of current period	11,100	5,563	18,626	(102)	35,187

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,151	0	178	597	6,928	4,110	41,820
Changes of items during period							
Dividends of surplus							–
Profit (loss) attributable to owners of parent							4,406
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	1,381	(1)	346	174	1,901	268	2,170
Total changes of items during period	1,381	(1)	346	174	1,901	268	6,576
Balance at end of current period	7,533	(1)	525	772	8,829	4,379	48,396

Consolidated statement of cash flows

Fiscal years ended March 31, 2017 and 2018

(Millions of yen)

	2017	2018
Cash flows from operating activities		
Profit (loss) before income taxes	(21,697)	**8,142**
Depreciation	8,778	**8,685**
Amortization of goodwill	2,753	**1,246**
Impairment loss	25,478	**—**
Compensation for removal	—	**(470)**
Increase (decrease) in allowance for doubtful accounts	303	**23**
Increase (decrease) in provision for bonuses	(31)	**(13)**
Increase (decrease) in net defined benefit liability	(577)	**104**
Interest and dividend income	(500)	**(538)**
Interest expenses	1,444	**1,397**
Share of (profit) loss of entities accounted for using equity method	(89)	**(117)**
Loss (gain) on sales of property, plant and equipment	(59)	**(717)**
Loss on retirement of property, plant and equipment	96	**223**
Loss (gain) on sales of investment securities	(0)	**(722)**
Decrease (increase) in notes and operation accounts receivable trade	(497)	**125**
Increase (decrease) in notes and operating accounts payable – trade	(590)	**(661)**
Other, net	1,661	**(727)**
Subtotal	16,471	**15,979**
Interest and dividend income received	568	**637**
Interest expenses paid	(1,468)	**(1,402)**
Income taxes paid	(3,045)	**(3,007)**
Net cash provided by (used in) operating activities	12,526	**12,207**
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,611)	**(7,504)**
Proceeds from sales of property, plant and equipment	84	**1,620**
Purchase of intangible assets	(367)	**(879)**
Proceeds from sales of intangible assets	3	**4**
Purchase of investment securities	(355)	**(21)**
Proceeds from sales of investment securities	11	**1,060**
Purchase of shares of subsidiaries and associates	—	**(94)**
Payments of loans receivable	(58)	**(21)**
Collection of loans receivable	24	**48**
Payments into time deposits	(1,210)	**(724)**
Proceeds from withdrawal of time deposits	1,606	**704**
Net cash provided by (used in) investing activities	(12,872)	**(5,806)**
Cash flows from financing activities		
Increase in short-term loans payable	37,977	**31,038**
Decrease in short-term loans payable	(39,237)	**(26,443)**
Proceeds from long-term loans payable	39,034	**6,425**
Repayments of long-term loans payable	(19,540)	**(24,770)**
Proceeds from issuance of bonds	—	**10,000**
Redemption of bonds	(10,000)	**(7,000)**
Purchase of treasury shares	(0)	**(0)**
Cash dividends paid	(1,241)	**—**
Other, net	(948)	**(1,429)**
Net cash provided by (used in) financing activities	6,042	**(12,180)**
Effect of exchange rate change on cash and cash equivalents	194	**304**
Net increase (decrease) in cash and cash equivalents	5,890	**(5,475)**
Cash and cash equivalents at beginning of period	25,000	**30,891**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	**(119)**
Cash and cash equivalents at end of period	30,891 *1	**25,296** *1

Notes to Consolidated Financial Statements

Significant Matters as Basis for Preparing Consolidated Financial Statements

1. Matters regarding scope of consolidation

(1) Number of consolidated subsidiaries: 88

Names of major consolidated subsidiaries

The information is provided in "Mitsui-Soko Group Network" on page 39.

Mitsui-Soko Vietnam Co., Ltd. was newly established and included in the scope of consolidation in the fiscal year ended March 31, 2018.

Mitsui-Soko Business Trust Co., Ltd. was excluded from the scope of consolidation in the fiscal year ended March 31, 2018 because it was merged into Mitsui-Soko Co., Ltd.

Nantong Sinavico International Logistics Co., Ltd. was excluded from the scope of consolidation and included in the scope of application of equity method in the fiscal year ended March 31, 2018 because the joint venture agreement was partially revised.

(2) Names of major unconsolidated subsidiaries

Sanko Foods, Co. Ltd. (and one other company)

Unconsolidated subsidiaries are excluded from the scope of consolidation, because they are all small in scale, and any total amount in terms of their total assets, operating revenue and profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others does not significantly affect the consolidated financial statements.

2. Matters regarding application of equity method

(1) Number of associates accounted for using equity method: 8

Names of major associates accounted for using equity method

The information is provided in "Mitsui-Soko Group Network" on page 39.

Nantong Sinavico International Logistics Co., Ltd. was excluded from the scope of consolidation and included in the scope of application of equity method in the fiscal year ended March 31, 2018 because the joint venture agreement was partially revised.

Key Logistics AB was included in the scope of application of equity method in the fiscal year ended March 31, 2018 because of the acquisition of the stock.

(2) Unconsolidated subsidiaries not accounted for using the equity method (Sanko Foods, Co. Ltd. and one other company) and associates not accounted for using the equity method (American Terminal Service Co., Ltd. and two other companies) are excluded from the scope of application of equity method, because they have only an immaterial effect on the consolidated financial statements in terms of profit or loss (amount corresponding to the Company's ownership interest) and retained earnings (amount corresponding to the Company's ownership interest) if they are excluded from the scope of application of equity method, and they have no significance as a whole.

3. Matters regarding fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, 38 companies have fiscal year-ends different from the consolidated balance sheet date, or accounting periods different from the consolidated accounting period. Therefore, they are consolidated based on the financial statements provisionally prepared in accordance with regular year-end closing procedures as of the consolidated balance sheet date. Other consolidated subsidiaries' fiscal year-end is the same as the consolidated balance sheet date.

4. Matters regarding accounting policies

(1) Accounting methods for evaluating significant assets

(i) Securities

Available-for-sale securities

1) Securities with market value

Stated at fair value based on the market price on the consolidated balance sheet date (valuation differences are booked directly in a separate component of net assets, and cost of securities sold is determined by the moving average method)

2) Securities without market value

Stated at cost determined by the moving average method

(ii) Derivatives: Stated at fair value

(iii) Inventories Stated at cost determined by the moving average method (the balance sheet amounts of inventories are stated at the lowered book values reflecting potential decline in profitability)

(2) Accounting methods for depreciation of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The declining balance method is applied, while the straight-line method is applied for buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), facilities attached to buildings and structures acquired on or after April 1, 2016, and consolidated foreign subsidiaries.

Major useful lives are as follows:

Buildings and structures:	3 to 50 years
Machinery, equipment and vehicles:	2 to 15 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied, while software (for internal use) is amortized using the straight-line method over its useful life as internally determined (five years).

(iii) Leased assets

Leased assets related to finance lease transactions that transfer ownership

The same depreciation method applied to non-current assets owned by the Company is applied.

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Accounting method for significant deferred assets

Bond issuance cost

Bond issuance cost is fully expensed when incurred.

(4) Accounting policy for significant provisions

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectible amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectibility for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees, of the estimated amount of bonuses to be paid in the future, the amount estimated to cover the bonus payment for services rendered by employees during the fiscal year is provided.

(5) Accounting methods for retirement benefits

To prepare for payment of retirement benefits for employees, projected retirement benefit obligations and plan assets at the end of the fiscal year are recorded based on deemed either accrued or realized amount at the end of the fiscal year.

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized using the straight-line method over the average remaining service years (8 to 15 years) of employees when incurred in each fiscal year, from the fiscal year following the accrual of each gain or loss.

Past service cost is amortized using the straight-line method over the average remaining service years (12 to 13 years) of employees when incurred.

(6) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are accounted for as profit or loss. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Accounting method and period for amortization of goodwill

Goodwill is amortized in equal amounts over the period in which its effects will be realized within 20 years.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, demand deposits and short-term investments with maturities of three months or less from the acquisition date that are highly liquid, readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

(9) Accounting methods for hedging

In principle, the deferral hedge accounting is applied. Exceptional accounting method is applied to interest rate swaps that meet the requirements.

(10) Methods for recognizing impairment of securities

For listed shares, impairment is recognized if the share price at the end of the fiscal year has decreased by 30% or more against the historical cost. For unlisted shares, impairment is recognized if the net asset value of the issuer has decreased by 50% or more against the historical cost and the recovery cannot be expected.

(11) Other significant matters for preparing consolidated financial statements

Accounting for consumption taxes

Accounting for consumption taxes is based on the tax exclusion method.

Accounting standards not yet implemented, etc.

・**Implementation Guidelines on Accounting Standards for Tax Effect Accounting** (Corporate Accounting Standards Application Guidelines No. 28 revised by the Accounting Standards Board of Japan on February 16, 2018)

・**Implementation Guidelines on Recoverability of Deferred Tax Assets** (Corporate Accounting Standards Application Guideline No. 26 final revision by the Accounting Standards Board of Japan on February 16, 2018)

(1)Overview

Implementation Guidelines on Accounting Standards for Tax Effect Accounting, etc. underwent the following necessary revisions basically following their relevant contents, when Practical Guidelines on Accounting Standards for Tax Effect Accounting in the Japanese Institute of Certified Public Accountants were transferred to the Accounting Standards Board of Japan.

(Main handling revised in accounting work)

・Handling of future taxable amount of stocks of subsidiaries, etc. in individual financial statements

・Handling of recoverable deferred tax assets in companies corresponding to (Category1)

(2) Planned applicable date

Applied from the beginning of the fiscal year ending in March 2019

(3) Impact of application of these accounting standards, etc.

We are currently assessing the amount of effect of application of Implementation Guidelines on Accounting Standards for Tax Effect Accounting, etc. on consolidated financial statements.

・**Accounting Standards on Revenue Recognition** (Corporate Accounting Standards No. 29, March 30, 2018 Accounting Standards Board of Japan)

・**Implementation Guidelines on Accounting Standard on Revenue Recognition** (Corporate Accounting Standards Application Guideline No. 30, March 30, 2018 Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) co-developed a new comprehensive revenue recognition standard and published “Revenue from Contracts with Customers” in May 2014 (IFRS No. 15 in IASB, Topic 606 in FASB). Considering IFRS No. 15 will be applied from the fiscal year starting January 1, 2018 and Topic 606 from the fiscal year starting December 15, 2017, the Accounting Standards Board of Japan developed comprehensive accounting Standards on Revenue Recognition and published them together with implementation guidelines.

The fundamental policy for developing Accounting Standards on Revenue Recognition by the Accounting Standards Board of Japan was that the accounting standards would incorporate the fundamental policy of IFRS No. 15 as the starting point from the perspective of comparability of financial statements, which is the one of the benefits of achieving consistency with IFRS No.15. If there are matters to be taken into consideration in Japan in actual practice, etc., alternative handling will be added within a range that would not impair financial statement comparability.

(2) Planned date of application

Applied from the beginning of the fiscal year ending in March 2022

(3) Impact of application on these accounting standards, etc.

We are currently assessing the amount of impact of Accounting Standards on Revenue Recognition, etc. on consolidated financial statements.

Changes in Presentation

Consolidated statement of income

"Taxes and dues" under "Non-operating expenses" which was separately presented in the fiscal year ended March 31, 2017, has been included in "Other" under "Non-operating expenses" from the fiscal year ended March 31, 2018, since the monetary significance was negligible. "Loss on retirement of non-current assets" which was included in "Other" under "Non-operating expenses" in the fiscal year ended March 31, 2017, has been separately presented from the fiscal year ended March 31, 2018, since the monetary significance was increased.

As a result, ¥946 million presented in "Other" under "Non-operating expenses" and ¥56 million presented in "Taxes and dues" under "Non-operating expenses" in the consolidated statement of income for the fiscal year ended March 31, 2017, have been reclassified as "Loss on retirement of non-current assets" of ¥164 million and "Other" of ¥838 million.

"Loss on retirement of non-current assets" which was included in "Other" under "Extraordinary losses" in the fiscal year ended March 31, 2017, has been separately presented from the fiscal year ended March 31, 2018, since the monetary significance was increased.

As a result, ¥107 million presented in "Other" under "Extraordinary losses" in the consolidated statement of income for the fiscal year ended March 31, 2017, has been reclassified as "Loss on retirement of non-current assets" of ¥96 million and "Other" of ¥10 million.

Notes to Consolidated Balance Sheet

*1. "Investment securities" and "Other" under "Investments and other assets" invested in unconsolidated subsidiaries and associates are as follows:

(Millions of yen)

As of March 31	2017	**2018**
Investment securities (shares)	413	**521**
Other (investments in capital)	3,583	**4,121**
Total	3,996	**4,642**

*2. Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

(Millions of yen)

As of March 31	2017	**2018**
Buildings and structures	3,814	**4,961**
Land	6,378	**6,107**
Total	10,192	**11,069**

The maximum amount of revolving mortgages on the relevant assets was ¥15,786 million for the fiscal year ended March 31, 2017, and ¥15,742 million for the fiscal year ended March 31, 2018.

Secured liabilities are as follows:

(Millions of yen)

As of March 31	2017	**2018**
Short-term loans payable	940	**920**
Current portion of long-term loans payable	1,172	**595**
Long-term loans payable	2,677	**5,439**
Total	4,790	**6,955**

3. Contingent liabilities (Guarantee obligations)

The Company has provided guarantees for bank loans of companies other than consolidated subsidiaries as follows:

(Millions of yen)

As of March 31, 2017		**As of March 31, 2018**	
Nagoya United Container Terminal Co., Ltd.	187	Nagoya United Container Terminal Co., Ltd.	**150**
World Cargo Distribution Center Co., Ltd.	44	World Cargo Distribution Center Co., Ltd.	**–**
Total	232	Total	**150**

The Company has provided guarantees for housing loans from banks to its employees as follows:

(Millions of yen)

As of March 31, 2017		**As of March 31, 2018**	
Guarantees for housing loans from banks to employees	84	**Guarantees for housing loans from banks to employees**	**56**

4. Contingent liabilities (Trade notes receivable endorsed)

(Millions of yen)

As of March 31	2017	**2018**
Trade notes receivable endorsed	39	**51**

5. The Company has entered into overdraft agreements with four banks (four banks as of March 31, 2017) and loan commitment agreements with three banks (three banks as of March 31, 2017) to finance working capital efficiently. The balances of unused loans under these agreements at the fiscal year end are as follows:

(Millions of yen)

As of March 31	2017	**2018**
Maximum amount of overdraft	7,000	**16,000**
Outstanding balance of used loans	–	**8,726**
Net amount	7,000	**7,273**

As of March 31	2017	**2018**
Total loan commitments	5,000	**5,000**
Outstanding balance of used loans	–	**–**
Net amount	5,000	**5,000**

*6. Accumulated depreciation

Accumulated depreciation of property, plant and equipment includes accumulated impairment loss.

Notes to Consolidated Statement of Income

*1. Details of gain on sales of non-current assets are as follows:

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Buildings and structures	–	**16**
Land	–	**635**
Total	–	**651**

*2. Impairment loss

Fiscal year ended March 31, 2017

1. Amount of impairment loss by account

In the fiscal year, the Group recognized impairment loss on the following assets.

Used for	Type of assets	Amount (Millions of yen)
Warehouses	Buildings and structures	3,034
	Machinery and equipment, and vehicles	242
	Land	468
	Other	816
Other	Goodwill (*)	20,917
	Total	25,478

(*) The above impairment loss on goodwill of ¥20,917 million includes ¥5,027 million of amortization of goodwill under the provision in paragraph 32 of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (JICPA Accounting Practice Committee Statement No. 7, November 28, 2014).

2. Asset grouping method

The Group classifies assets or groups 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 groups of assets. For goodwill, it is classified on a company basis.

3. Overview of asset groups on which impairment loss was recognized and background of impairment loss

(1) Impairment loss on business assets

(i) Overview of asset groups on which impairment loss was recognized

Location	Used for	Type of assets	Amount (Millions of yen)
Tokyo, Japan	Warehouses	Buildings, and machinery and equipment	1,591
Hyogo, Japan	Warehouses	Land, buildings, and machinery and equipment	1,769

(ii) Background to the recognition of impairment loss

Since it has turned out that future recovery cannot be expected for the distribution bases in which the investment efficiency is low, the carrying amount of assets related to the asset group was reduced to the value in use and the amount reduced was recorded as "Impairment loss" under "Extraordinary losses."

The value in use was calculated by discounting future cash flows at 7.7%.

(2) Impairment loss of goodwill related to MITSUI-SOKO LOGISTICS Co., Ltd.

(i) Overview of asset group on which impairment loss was recognized

Location	Used for	Type of assets	Amount (Millions of yen)
–	Other	Goodwill	13,517

(ii) Background to the recognition of impairment loss

MITSUI-SOKO LOGISTICS Co., Ltd., whose primary business is the operation of logistics centers for stores of volume retailers of consumer electronics, and home delivery and installation services for consumer electronics, has delivered firm results in terms of both operating revenue and profit due to expansion of areas handled, commencement of new business activities in sales and logistics. However, since the results have remained lower than the figures in the business plan at the time of the business acquisition, the future business plan was carefully reviewed and the amount of goodwill was reduced to the recoverable amount.

The recoverable amount was measured based on the value in use and calculated by discounting future cash flows at 10.0%, and the difference between the recoverable amount and the carrying amount was recorded as "Impairment loss" under "Extraordinary losses."

The amount above includes amortization of goodwill under the provision in paragraph 32 of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (JICPA Accounting Practice Committee Statement No. 7, November 28, 2014).

(3) Impairment loss of goodwill related to MITSUI-SOKO Supply Chain Solutions, Inc.

(i) Overview of asset group on which impairment loss was recognized

Location	Used for	Type of assets	Amount (Millions of yen)
–	Other	Goodwill	4,661

(ii) Background to the recognition of impairment loss

MITSUI-SOKO Supply Chain Solutions, Inc., whose primary business is the in-plant logistics for consumer electronics manufacturers in Japan, transportation and delivery of merchandise in Japan and abroad, has delivered firm results in terms of both operating revenue and profit mainly in existing businesses, and synergies on the cost side from its effort for joint purchasing with the Group are beginning to contribute to operating results steadily. On the other hand, since sales expansion is expected to fall below initial expectations at the time of the business acquisition, amortization of goodwill was recorded as “Impairment loss” under “Extraordinary losses,” following a decline in the actual value of shares of the company, under the provision in paragraph 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA Accounting Practice Committee Statement No. 7, November 28, 2014).

(4) Impairment loss of goodwill related to MS Supply Chain Solutions (Thailand) Ltd.

(i) Overview of asset group on which impairment loss was recognized

Location	Used for	Type of assets	Amount (Millions of yen)
–	Other	Goodwill	1,565

(ii) Background to the recognition of impairment loss

For MS Supply Chain Solutions (Thailand) Ltd., whose primary business is the in-plant logistics for consumer electronics manufacturers in Thailand, transportation and delivery of merchandise, in Thailand and abroad, since synergies with the Group are expected to fall below initial expectations at the time of the business acquisition, the future business plan was carefully reviewed and the amount of goodwill was reduced to the recoverable amount. The recoverable amount was measured based on the value in use and calculated by discounting future cash flows at 10.3%, and the difference between the recoverable amount and the carrying amount was recorded as “Impairment loss” under “Extraordinary losses.”

The amount above includes amortization of goodwill under the provision in paragraph 32 of the “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (JICPA Accounting Practice Committee Statement No. 7, November 28, 2014).

(5) Impairment loss of goodwill related to MS North Star Logistics Co., Ltd.

(i) Overview of asset group on which impairment loss was recognized

Location	Used for	Type of assets	Amount (Millions of yen)
–	Other	Goodwill	941

(ii) Background to the recognition of impairment loss

For MS North Star Logistics Co., Ltd., whose primary business is transportation and delivery for suppliers of daily commodities, operating revenue has remained mostly as envisioned in the business acquisition plan. However, since the level of personnel expenses and transportation costs in operating cost have been higher than expected, the future business plan was carefully reviewed and the amount of goodwill was reduced to the recoverable amount. The recoverable amount was measured based on the value in use and calculated by discounting future cash flows at 20.4%, and the difference between the recoverable amount and the carrying amount was recorded as “Impairment loss” under “Extraordinary losses.”

(6) Other

Other than the above, ¥231 million and ¥1,199 million were recorded as “Impairment loss of goodwill” and “Impairment loss of property, plant and equipment,” respectively, under “Extraordinary losses.”

Fiscal year ended March 31, 2018

Not applicable.

Notes to Consolidated Statement of Comprehensive Income

* Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Valuation difference on available-for-sale securities:		
Amount recorded during the period	1,740	**2,742**
Reclassification adjustments	(0)	**(722)**
Before tax effect adjustments	1,740	**2,020**
Tax effect	(418)	**(638)**
Valuation difference on available-for-sale securities	1,321	**1,381**
Deferred gains or losses on hedges:		
Amount recorded during the period	0	**(2)**
Tax effect	0	**0**
Deferred gains or losses on hedges:	0	**(1)**
Foreign currency translation adjustment:		
Amount recorded during the period	(711)	**251**
Remeasurements of defined benefit plans:		
Amount recorded during the period	628	**429**
Reclassification adjustments	(56)	**(162)**
Before tax effect adjustments	571	**266**
Tax effect	(172)	**(80)**
Remeasurements of defined benefit plans	399	**186**
Share of other comprehensive income of entities accounted for using equity method:		
Amount recorded during the period	(240)	**140**
Total other comprehensive income	769	**1,958**

Notes to Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2017

1. Items related to class and total number of issued shares, and class and number of treasury shares

(Shares)

	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Issued shares				
Common stock	124,415,013	–	–	124,415,013
Total	124,415,013	–	–	124,415,013
Treasury shares				
Common stock (Note)	227,241	2,783	–	230,024
Total	227,241	2,783	–	230,024

(Note) The increase in treasury shares in the fiscal year is due to purchase of shares less than one unit (2,783 shares).

2. Items related to dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share	Record date	Effective date
Board of Directors meeting held on May 13, 2016	Common stock	620	¥5.00	March 31, 2016	June 7, 2016
Board of Directors meeting held on November 7, 2016	Common stock	620	¥5.00	September 30, 2016	December 6, 2016

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date
Not applicable, because no year-end dividend is paid for the fiscal year ended March 31, 2017.

Fiscal year ended March 31, 2018

1. Items related to class and total number of issued shares, and class and number of treasury shares

(Shares)

	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Issued shares				
Common stock	**124,415,013**	**–**	**–**	**124,415,013**
Total	**124,415,013**	**–**	**–**	**124,415,013**
Treasury shares				
Common stock (Note)	**230,024**	**1,952**	**–**	**231,976**
Total	**230,024**	**1,952**	**–**	**231,976**

(Note) The increase in treasury shares in the fiscal year is due to purchase of shares less than one unit (1,952 shares).

2. Items related to dividends

(1) Dividends paid
Not applicable.

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date
Not applicable.

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Cash and deposits	31,822	**25,798**
Time deposits with maturity over 3 months	(930)	**(501)**
Cash and cash equivalents	30,891	**25,296**

Leases

1. Finance lease transactions

As lessee:

Finance lease transactions that transfer ownership and those that do not transfer ownership

(i) Components of leased assets
Leased assets are principally facilities (machinery, equipment and vehicles) in the logistics business.

(ii) Accounting method for depreciation of leased assets
The accounting method for depreciation of leased assets is as described in “4. Matters regarding accounting policies, (2) Accounting methods for depreciation of significant depreciable assets” of “Significant Matters as Basis for Preparing Consolidated Financial Statements.”

2. Operating lease transactions

As lessee:

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

As of March 31	2017	**2018**
Due within one year	4,979	**5,823**
Due after one year	17,956	**17,595**
Total	22,935	**23,418**

As lessor:
Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

As of March 31	2017	**2018**
Due within one year	6,620	**6,464**
Due after one year	13,821	**8,981**
Total	20,441	**15,445**

Financial Instruments

1. Matters regarding status of financial instruments

(1) Policy on financial instruments

The Group limits its investment activities to short-term deposits and other low risk financial assets, and raises funds through loans from financial institutions such as banks and issuance of bonds.

(2) Description of financial instruments and their risks, and risk management system

For customers' credit risks related to notes and operation accounts receivable trade, the Group works to mitigate the risks by managing relevant due dates and balances for each counterparty.

While investment securities are principally shares and exposed to the risk of market share price fluctuations, the Group assesses fair value on a quarterly basis for listed shares.

All of notes and operating accounts payable – trade are due within one year.

Loans payable are used for working capital (mainly short-term) and capital investment funds (long-term). Loans payable are exposed to the risk of fluctuations in market interest rates, and foreign currency loans payable are exposed to the risk of fluctuations in market interest rates and currency exchange rates. For certain long-term loans payable of them, interest rate swaps are used as hedging instruments to avoid these risks. While these debts are exposed to the risk of failure to make a payment on the due date, or liquidity risk, the Group avoids the risk by reviewing the cash flow management plan appropriately each month.

2. Matters regarding fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and the difference between them were as follows. The figures do not include items whose fair value is deemed extremely difficult to determine (refer to Note 2).

Fiscal year ended March 31, 2017

(Millions of yen)

	Carrying amount	Fair value	Difference
(1)Cash and deposits	31,822	31,822	–
(2)Notes and operation accounts receivable trade	32,407		
Allowance for doubtful accounts (*1)	(310)		
Net	32,097	32,097	–
(3)Investment securities			
Available-for-sale securities	13,722	13,722	–
Total assets	77,641	77,641	–
(4)Notes and operating accounts payable – trade	17,034	17,034	–
(5)Short-term loans payable	6,058	6,058	–
(6)Long-term loans payable (including current portion)	115,820	115,568	251
(7)Bonds payable (including current portion)	47,000	47,592	(592)
Total liabilities	185,913	186,254	(340)
Derivatives (*2)	2	2	–

(*1) Allowance for doubtful accounts corresponding to notes and operation accounts receivable trade are deducted from the values.
(*2) Net receivables and payables arising from derivatives are presented on a net basis, and value of a net payable after totaling of receivables and payables is shown in parentheses. The fair value of interest rate swaps that are accounted for using exceptional accounting, of derivatives, is included in that of corresponding long-term loans payable, since those interest rate swaps are treated as an adjustment to the long-term loans payable as hedged items.

Fiscal year ended March 31, 2018

(Millions of yen)

	Carrying amount	Fair value	Difference
(1)Cash and deposits	**25,798**	**25,798**	**–**
(2)Notes and operation accounts receivable trade	**32,608**	**32,608**	**–**
(3)Investment securities			
Available-for-sale securities	**15,419**	**15,419**	**–**
Total assets	**73,825**	**73,825**	**–**
(4)Notes and operating accounts payable – trade	**16,578**	**16,578**	**–**
(5)Short-term loans payable	**10,705**	**10,705**	**–**
(6)Long-term loans payable (including current portion)	**96,899**	**97,453**	**(554)**
(7)Bonds payable (including current portion)	**50,000**	**50,450**	**(450)**
Total liabilities	**174,182**	**175,187**	**(1,004)**
Derivatives (*)	**(10)**	**(10)**	**–**

(*) Net receivables and payables arising from derivatives are presented on a net basis, and value of a net payable after totaling of receivables and payables is shown in parentheses. The fair value of interest rate swaps that are accounted for using exceptional accounting, of derivatives, is included in that of corresponding long-term loans payable, since those interest rate swaps are treated as an adjustment to the long-term loans payable as hedged items.

(Note 1) Methods for calculating fair values of financial instruments, and matters regarding securities and derivatives

(1) Cash and deposits, and (2) Notes and operation accounts receivable trade
Since these accounts are settled in a short period of time, the fair value is nearly equal to the carrying amount. Therefore, the carrying amount is used for their fair values.

(3) Investment securities
With regard to the fair value of investment securities, the fair value of shares is based on the prices quoted by stock exchanges.
Securities categorized by each holding purpose, are described in the notes on “Securities.”

(4) Notes and operating accounts payable – trade, and (5) Short-term loans payable
Since these accounts are settled in a short period of time, the fair value is nearly equal to the carrying amount. Therefore, the carrying amount is used for their fair values.

(6) Long-term loans payable
The fair value of long-term loans payable is calculated by discounting the total of principal and interest at an interest rate that would be charged for similar new loans. For long-term loans payable with floating interest rate that are subject to exceptional accounting of interest rate swaps, the fair value is calculated by discounting the total of principal and interest that were treated as a part of the interest rate swaps at a reasonably estimated interest rate that would be charged for a similar loan. Because other long-term loans payable with floating interest rate reflect market interest rates in a short period of time and the credit standing of the Company has not changed significantly since the loans were executed, the fair value is deemed nearly equal to the carrying amount. Therefore, the carrying amount is used for the fair value.

(7) Bonds payable
The fair value of bonds payable is determined based on the market price.

(8) Derivatives
The fair value of derivatives is determined based on the price provided by financial institutions.

(Note 2) Financial instruments whose fair value is deemed extremely difficult to determine

(Millions of yen)

Category	As of March 31, 2017	**As of March 31, 2018**
Unlisted shares	1,675	**1,770**

Since these financial instruments do not have market prices, and their future cash flows cannot be estimated, the fair value is deemed extremely difficult to determine. Therefore, they are not included in “(3) Investment securities.”

(Note 3) Expected redemption amounts of monetary receivables and securities with maturity after the consolidated balance sheet date
As of March 31, 2017

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	31,822	–	–	–
Notes and operation accounts receivable trade	32,097	–	–	–
Total	63,919	–	–	–

As of March 31, 2018

(Millions of yen)

	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Cash and deposits	**25,798**	**–**	**–**	**–**
Notes and operation accounts receivable trade	**32,608**	**–**	**–**	**–**
Total	**58,406**	**–**	**–**	**–**

(Note) Notes and operation accounts receivable trade do not include any receivables of which the collection cannot be expected.

(Note 4) Scheduled amounts of repayment of loans payable and bonds payable after the consolidated balance sheet date
As of March 31, 2017

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Short-term loans payable	6,058	–	–	–	–	–
Bonds payable	7,000	10,000	10,000	10,000	–	10,000
Long-term loans payable	14,972	26,651	11,088	14,328	10,952	37,827
Total	28,030	36,651	21,088	24,328	10,952	47,827

As of March 31, 2018

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Short-term loans payable	**10,705**	**–**	**–**	**–**	**–**	**–**
Bonds payable	**10,000**	**10,000**	**10,000**	**–**	**–**	**20,000**
Long-term loans payable	**17,494**	**11,341**	**14,302**	**12,006**	**5,735**	**36,019**
Total	**38,199**	**21,341**	**24,302**	**12,006**	**5,735**	**56,019**

Securities

1. Available-for-sale securities
As of March 31, 2017

(Millions of yen)

Category	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost			
Shares	13,633	4,889	8,744
Subtotal	13,633	4,889	8,744
Items whose carrying amount does not exceed acquisition cost			
Shares	89	91	(2)
Subtotal	89	91	(2)
Total	13,722	4,980	8,741

(Note) “Acquisition cost” in the above table represents the carrying amount after impairment.
Since unlisted shares (carrying amount in the consolidated balance sheet: ¥1,262 million) do not have market prices, and their future cash flows cannot be estimated, the fair value is deemed extremely difficult to determine. Therefore, they are not included in “Available-for-sale securities” in the above table.

As of March 31, 2018

(Millions of yen)

Category	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost			
Shares	**15,304**	**4,510**	**10,794**
Subtotal	**15,304**	**4,510**	**10,794**
Items whose carrying amount does not exceed acquisition cost			
Shares	**115**	**147**	**(32)**
Subtotal	**115**	**147**	**(32)**
Total	**15,419**	**4,658**	**10,761**

(Note) "Acquisition cost" in the above table represents the carrying amount after impairment.
Since unlisted shares (carrying amount in the consolidated balance sheet: ¥1,249 million) do not have market prices, and their future cash flows cannot be estimated, the fair value is deemed extremely difficult to determine. Therefore, they are not included in "Available-for-sale securities" in the above table.

2. Available-for-sale securities sold

Fiscal year ended March 31, 2017

(Millions of yen)

Category	Sale proceeds	Total gain on sale	Total loss on sale
Shares	11	0	–
Total	11	0	–

Fiscal year ended March 31, 2018

(Millions of yen)

Category	Sale proceeds	Total gain on sale	Total loss on sale
Shares	**1,060**	**722**	**–**
Total	**1,060**	**722**	**–**

Derivatives

The information is omitted as it is immaterial.

Retirement Benefits

1. Overview of retirement benefit plans adopted

The Company has adopted a lump-sum retirement benefit plan, defined contribution pension plan and defined benefit corporate pension plan. In addition, the Company has established a retirement benefit trust in the lump-sum retirement benefit plan and defined benefit corporate pension plan. Consolidated domestic subsidiaries have established lump-sum retirement benefit plans (28 companies), defined contribution pension plans (13 companies), defined benefit corporate pension plans (one company). Certain foreign subsidiaries have adopted defined contribution pension plans. For lump-sum retirement benefit plans and defined contribution pension plans that certain consolidated subsidiaries have, net defined benefit liability and retirement benefit expenses are recorded by the simplified method.

2. Defined benefit plans

(1) Changes in retirement benefit obligations

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Balance of retirement benefit obligations at beginning of period	12,139	**9,344**
Service cost	885	**898**
Interest cost	31	**30**
Actuarial gains and losses accrued	(59)	**6**
Retirement benefits paid	(702)	**(891)**
Decrease due to plan termination	(2,867)	**–**
Other	(82)	**(9)**
Balance of retirement benefit obligations at end of period	9,344	**9,380**

(Note) Include plans to which the simplified method was applied.

(2) Changes in plan assets

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Balance of plan assets at beginning of period	9,109	**7,490**
Expected return on plan assets	21	**20**
Actuarial gains and losses accrued	572	**436**
Contribution from employer	15	**14**
Retirement benefits paid	(119)	**(127)**
Decrease due to plan termination	(2,109)	**–**
Balance of plan assets at end of period	7,490	**7,835**

(3) Reconciliation between ending balance of retirement benefit obligations and plan assets, and net defined benefit liability/asset recorded in the consolidated balance sheet

(Millions of yen)

As of March 31	2017	**2018**
Retirement benefit obligations of funded plans	3,287	**3,219**
Plan assets	(7,490)	**(7,835)**
	(4,203)	**(4,616)**
Retirement benefit obligations of unfunded plans	6,057	**6,160**
Net amount of liabilities and assets recorded in the consolidated balance sheet	1,854	**1,544**
Net defined benefit liability	6,122	**6,228**
Net defined benefit asset	(4,267)	**(4,683)**
Net amount of liabilities and assets recorded in the consolidated balance sheet	1,854	**1,544**

(Note) Include plans to which the simplified method was applied.

(4) Amounts of retirement benefit expenses and their components

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Service cost	885	**898**
Interest cost	31	**30**
Expected return on plan assets	(21)	**(20)**
Amortization of actuarial gains and losses	(323)	**(118)**
Amortization of past service cost	(91)	**(85)**
Retirement benefit expenses for lump-sum retirement benefit plans and defined benefit corporate pension plans	480	**704**

(Notes) 1. Other than the above retirement benefit expenses, the Company recorded additional retirement benefits of ¥302 million as non-operating expenses and gain on termination of retirement benefit plan of ¥218 million as extraordinary income in the fiscal year ended March 31, 2017, and additional retirement benefits of ¥69 million as non-operating expenses in the fiscal year ended March 31, 2018.

2. Include plans to which the simplified method was applied.

(5) Remeasurements of defined benefit plans included in other comprehensive income

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows:

(Millions of yen)

Fiscal year ended March 31	2017	**2018**
Past service cost	(45)	**(40)**
Actuarial gains and losses	617	**306**
Total	571	**266**

(6) Remeasurements of defined benefit plans included in accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before deduction of tax effects) are as follows:

(Millions of yen)

As of March 31	2017	**2018**
Unrecognized past service cost	(85)	**(125)**
Unrecognized actuarial gains and losses	839	**1,150**
Total	754	**1,025**

(7) Items related to plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows:

As of March 31	2017	**2018**
Shares	82 %	**82 %**
Debt investments	7	**7**
General account	4	**4**
Cash and deposits	6	**7**
Other	1	**0**
Total	100	**100**

(Note) The total plan assets include a retirement benefit trust established for defined benefit corporate pension plans constituting 35% as of March 31, 2017, and 35% as of March 31, 2018, and a retirement benefit trust established for lump-sum retirement benefit plans constituting 50% as of March 31, 2017, and 51% as of March 31, 2018.

(ii) Method for setting the long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Company takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(8) Items related to actuarial assumptions
Major actuarial assumptions

As of March 31	2017	**2018**
Discount rate	0.0 to 1.0 %	**0.0 to 0.8 %**
Long-term expected rate of return	2.0 %	**2.0 %**
Expected rate of salary increase	2.0 to 8.4 %	**2.0 to 8.4 %**

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were ¥246 million as of March 31, 2017 and ¥262 million as of March 31, 2018.

Deferred Tax Accounting

1. Major components of deferred tax assets and liabilities

(Millions of yen)

As of March 31	2017	**2018**
Deferred tax assets		
Net defined benefit liability	2,289	**2,184**
Provision for bonuses	811	**788**
Property, plant and equipment	2,532	**2,534**
Tax loss carryforwards	5,019	**4,303**
Other	1,379	**1,917**
Subtotal	12,032	**11,729**
Valuation allowance	(6,499)	**(5,892)**
Total	5,532	**5,836**
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(2,604)	**(3,222)**
Reserve for advanced depreciation of non-current assets	(3,569)	**(3,526)**
Gain on contribution of securities to retirement benefit trust	(1,386)	**(1,386)**
Other	(1,470)	**(1,595)**
Total	(9,029)	**(9,730)**
Net deferred tax liabilities	(3,497)	**(3,894)**

2. **Reconciliation of significant differences between the statutory effective tax rate and the actual effective rate of income taxes after application of deferred tax accounting**

As of March 31	2017	2018
Statutory effective tax rate	The information is omitted since loss before income taxes was recorded.	**30.9** %
(Adjustments)		
Items not deductible, such as entertainment expenses		**0.7**
Items not recognized as taxable income, such as dividend income		**(0.6)**
Inhabitant per capita taxes		**1.6**
Differences in tax rates of consolidated foreign subsidiaries		**(2.5)**
Valuation allowance		**(2.1)**
Effect of consolidation adjustments		**5.0**
Amortization of goodwill		**4.7**
Other		**0.8**
Effective rate of income taxes after application of deferred tax accounting		**38.5**

Investment and Rental Property

The Company and certain subsidiaries have office buildings for lease and others (including land) in Tokyo and other regions. Gains on lease related to the investment and rental property in the fiscal year ended March 31, 2017, were ¥5,305 million (accounted for in operating profit). Gains on lease related to the investment and rental property in the fiscal year ended March 31, 2018, were ¥5,353 million (accounted for in operating profit). Carrying amounts in the consolidated balance sheet, increase or decrease and fair values of the investment and rental property are as follows:

(Millions of yen)

Fiscal year ended March 31	2017	2018
Carrying amount		
Beginning balance	36,502	**38,200**
Increase or decrease during the fiscal year	1,698	**(412)**
Ending balance	38,200	**37,788**
Fair value at end of period	149,019	**152,220**

(Notes) 1. The carrying amount represents the amount of acquisition cost less accumulated depreciation.
2. Of the increase or decrease during the fiscal year, a major increase for the fiscal year ended March 31, 2017, was due to the large-scale renovation work of Hakozaki Building, and a major decrease for the fiscal year ended March 31, 2018, was due to depreciation.
3. The fair value as of March 31, 2018, represents the amount based on real estate appraisal by external real estate appraisers for major properties, and the amount internally calculated by the income approach for other properties.

Segment Information

[Segment information]

1. **Overview of reportable segments**

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group consists of the "Logistics" business unit that provides organically and efficiently each function of logistics, such as warehousing, distribution processing, port terminal services, and domestic and international transportation services to customers, and the "Real estate" business unit mainly engaged in building lease. The Group's reportable segments are comprised of the following two segments:

- Logistics
  The segment provides various logistics services such as warehousing, port-related work and operations to shipping companies, logistics services/multimodal transportation provided by overseas group companies, airfreight transportation, Third Party Logistics (3PL), supply chain management support services, and land transportation.
- Real estate
  The segment provides services centered on building lease.

2. Method for calculating amounts of operating revenue, profit or loss, assets and other items by reportable segment

The accounting method for the operating segments that are reportable is the same as described in "Significant Matters as Basis for Preparing Consolidated Financial Statements."

Profits of the reportable segments represent figures after amortization of goodwill.

Intersegment revenue or transfers are based on the arm's-length price.

3. Information on amounts of operating revenue, profit or loss, assets and other items by reportable segment

Fiscal year ended March 31, 2017

(Millions of yen)

	Reportable segment		Total	Eliminations/ corporate (Note) 1	Carrying amount (Note) 2
	Logistics	Real estate			
Operating revenue					
(1) Revenues from external customers	216,757	8,746	225,503	–	225,503
(2) Intersegment revenue or transfers	–	660	660	(660)	–
Total	216,757	9,407	226,164	(660)	225,503
Segment operating profit (loss)	4,490	5,005	9,496	(3,673)	5,823
Segment assets	153,759	43,138	196,898	70,779	267,677
Other items					
Depreciation	3,390	2,242	5,632	3,146	8,778
Investments in entities accounted for using equity method	3,969	–	3,969	–	3,969
Increase in property, plant and equipment and intangible assets	7,210	3,821	11,032	1,673	12,705

(Notes) 1. Eliminations/corporate are as follows:
(1) Segment operating profit (loss) adjustment of ¥(3,673) million is expenses associated with the administrative department of the Company.
(2) Segment assets adjustment of ¥70,779 million is assets associated with the administrative department of the Company.
(3) Adjustment in increase in property, plant and equipment and intangible assets of ¥1,673 million is an increase associated with the administrative department of the Company.
2. Segment operating profit (loss) is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segment		Total	Eliminations/ corporate (Note) 1	Carrying amount (Note) 2
	Logistics	Real estate			
Operating revenue					
(1) Revenues from external customers	**224,842**	**8,400**	**233,243**	**–**	**233,243**
(2) Intersegment revenue or transfers	**–**	**755**	**755**	**(755)**	**–**
Total	**224,842**	**9,155**	**233,998**	**(755)**	**233,243**
Segment operating profit (loss)	**5,855**	**5,045**	**10,901**	**(3,904)**	**6,996**
Segment assets	**159,038**	**40,005**	**199,044**	**64,111**	**263,155**
Other items					
Depreciation	**3,375**	**2,251**	**5,627**	**3,058**	**8,685**
Investments in entities accounted for using equity method	**4,615**	**–**	**4,615**	**–**	**4,615**
Increase in property, plant and equipment and intangible assets	**6,190**	**952**	**7,143**	**1,594**	**8,738**

(Notes) 1. Eliminations/corporate are as follows:
(1) Segment operating profit (loss) adjustment of ¥(3,904) million is expenses associated with the administrative department of the Company.
(2) Segment assets adjustment of ¥64,111 million is assets associated with the administrative department of the Company.
(3) Adjustment in increase in property, plant and equipment and intangible assets of ¥1,594 million is an increase associated with the administrative department of the Company.
2. Segment operating profit (loss) is adjusted to operating profit in the consolidated financial statements.

[Related information]

Fiscal year ended March 31, 2017

1. Information about products and services

The information is omitted because the same information is disclosed in "[Segment information]."

2. Information about geographical areas

(1) Operating revenue

(Millions of yen)

Japan	Other	Total
173,823	51,680	225,503

(Notes) 1. Operating revenue is classified by country/region based on customers' location.
2. Overseas revenue is not given by country or region but included in "Other," since the amount of operating revenue for each major country or region is insignificant.
3. Major countries or regions included in "Other":
U.S.A., China, Europe, Thailand, Malaysia

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
129,633	15,278	144,911

(Notes) 1. Property, plant and equipment are classified by country/region based on customers' location.
2. Property, plant and equipment located overseas are not given by countries or regions but included in "Other," since the amount of property, plant and equipment located in each major country or region are insignificant.
3. Major countries or regions included in "Other"
U.S.A., China, Europe, Thailand, Indonesia, Malaysia, South Korea

3. Information about main customers

The information is omitted, because external operating revenue from a specific customer accounted for less than 10% of total operating revenue in the consolidated statement of income.

Fiscal year ended March 31, 2018

1. Information about products and services

The information is omitted because the same information is disclosed in "[Segment information]."

2. Information about geographical areas

(1) Operating revenue

(Millions of yen)

Japan	Other	Total
174,441	**58,801**	**233,243**

(Notes) 1. Operating revenue is classified by country/region based on customers' location.
2. Overseas revenue is not given by country or region but included in "Other," since the amount of operating revenue for each major country or region is insignificant.
3. Major countries or regions included in "Other"
U.S.A., China, Europe, Thailand, Malaysia

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
128,092	**15,362**	**143,455**

(Notes) 1. Property, plant and equipment are classified by country/region based on customers' location.
2. Property, plant and equipment located overseas are not given by countries or regions but included in "Other," since the amount of property, plant and equipment located in each major country or region are insignificant.
3. Major countries or regions included in "Other"
U.S.A., China, Europe, Thailand, Indonesia, Malaysia, South Korea

3. Information about main customers

The information is omitted, because external operating revenue from a specific customer accounted for less than 10% of total operating revenue in the consolidated statement of income.

[Information about impairment loss of non-current assets by reportable segment]

Fiscal year ended March 31, 2017

In the Logistics segment, the Company recognized a total of ¥25,478 million of impairment loss, which consists of impairment loss of goodwill of ¥20,917 million and impairment loss of property, plant and equipment of ¥756 million as well as impairment loss of property, plant and equipment of ¥3,804 million in "Eliminations/corporate."

Fiscal year ended March 31, 2018

Not applicable

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2017

(Millions of yen)

	Logistics	Real estate	Total
Amortization in the fiscal year	2,753	–	2,753
Unamortized balance at end of the fiscal year	10,529	–	10,529

Fiscal year ended March 31, 2018

(Millions of yen)

	Logistics	Real estate	Total
Amortization in the fiscal year	1,246	–	1,246
Unamortized balance at end of the fiscal year	9,818	–	9,818

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2017

Not applicable

Fiscal year ended March 31, 2018

Not applicable

Related Party Information

The information is omitted, because there were no related party transactions that exceeded the scope of disclosure standards in the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017) and the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018).

Per Share Information

(Yen)

Fiscal year ended March 31	2017	**2018**
Net assets per share	303.66	**354.46**
Basic earnings (loss) per share	(188.65)	**35.48**

(Notes) 1. The amount of diluted earnings per share in the fiscal years ended March 31, 2017, and March 31, 2018, is not provided because there are no potential shares.
2. The bases for calculating basic earnings (loss) per share are as follows:

Fiscal year ended March 31		2017	**2018**
Profit (loss) attributable to owners of parent	(Millions of yen)	(23,427)	**4,406**
Profit (loss) not attributable to common shareholders	(Millions of yen)	–	**–**
Profit (loss) pertaining to common shares, attributable to owners of parent	(Millions of yen)	(23,427)	**4,406**
Average number of outstanding common shares during the period	(Shares)	124,186,078	**124,183,534**

Subsequent Events

Change in the number of shares per share unit and consolidation of shares

The Company resolved to submit proposals for the reverse stock split and change the number of share unit at the 170th Annual General Meeting of Shareholders held on June 27, 2018, at the meeting of the Board of Directors held on May 8, 2018. Both proposals were approved at the shareholders' meeting.
Details of the reverse stock split are as follows:

1. Change of Share Unit

(1) Reason for the change

Japan's stock exchanges are promoting " The Action Plan for Consolidating Trading Unit" to ultimately consolidate all common stocks of listed companies to 100 shares trading units with the aim to improve investors' convenience by October 1, 2018.
As a company listed on the Tokyo Stock Exchange, the Company shall respect this aim and change the number of share unit of the Company from 1,000 shares to 100 shares.

(2) Description of the change

The number of share unit will be changed from 1,000 shares to 100 shares.

(3) Scheduled effective date of these changes

October 1, 2018

2. Reverse Stock Split

(1) Reasons for reverse stock split

As mentioned in "1. Change of Share Unit" above, which will change the number of share unit of the Company from 1,000 shares to 100 shares, the Company decided to consolidate shares (consolidate 5 shares into 1 share) to adjust the investment unit (price per trading unit) to an appropriate level.

(2) Contents of share consolidation

(a) Type of stock to be consolidated

Common stock

(b) Ratio of share consolidation

As of October 1, 2018, the reverse stock split is to be executed on a one for five basis for shares owned by shareholders recorded in the final shareholders registry as of September 30, 2018.

(c) Decrease in number of shares due to consolidation

Number of outstanding shares before consolidation(as of March 31, 2018) 124,415,013 shares
Decrease in number of shares after consolidation 99,532,011 shares
Number of outstanding shares after consolidation 24,883,002 shares
Note: "Decrease in number of shares after consolidation" and "Number of outstanding shares after consolidation" are theoretical values calculated based on "the number of outstanding shares before consolidation" and the ratio of share consolidation.

(d) Number of authorized shares as of effective date

The number of authorized shares will be changed from 400 million shares to 80 million shares according to the ratio of the consolidation of shares.

(3) Handling of fractional shares

If a fraction of less than one share is created due to the consolidation of shares, such fractional shares will be sold together in accordance with the Companies Act, and the proceeds will be distributed to shareholders who held the fractional shares in proportion to the number of fractional shares held.

3. Effects on per share information

Basic earnings and net assets per share for the years ended March 31, 2018 and 2017 assuming that consolidation of shares had been carried out at the beginning of year ended March 31, 2017, are as follows.

(Yen)

Fiscal year ended March 31	2017	**2018**
Net assets per share	1,518.30	**1,772.28**
Basic earnings (loss) per share	(943.26)	**177.42**

Note: Only the information on basic earnings per share of common stock is provided and information on diluted earnings per share of common stock to reflect the diluting effect is not provided, because there was no dilutive potential common stock for the year ended March 31, 2018.

Annexed Consolidated Detailed Schedules

[Consolidated detailed schedule of corporate bonds]

Company name	Issue name	Date of issuance	Beginning balance (Millions of yen)	Ending balance (Millions of yen)	Interest rate (%)	Pledge	Date of redemption
Mitsui-Soko Holdings Co., Ltd.	9th unsecured straight bonds	April 19, 2010	7,000 (7,000)	**–**	1.27	–	April 19, 2017
Mitsui-Soko Holdings Co., Ltd.	12th unsecured straight bonds	June 7, 2012	10,000	**10,000 (10,000)**	0.67	–	June 7, 2018
Mitsui-Soko Holdings Co., Ltd.	13th unsecured straight bonds	March 6, 2013	10,000	**10,000**	0.78	–	March 6, 2020
Mitsui-Soko Holdings Co., Ltd.	14th unsecured straight bonds	March 5, 2015	10,000	**10,000**	0.45	–	March 5, 2021
Mitsui-Soko Holdings Co., Ltd.	15th unsecured straight bonds	March 5, 2015	10,000	**10,000**	0.83	–	March 5, 2025
Mitsui-Soko Holdings Co., Ltd.	16th unsecured straight bonds	March 9, 2018	–	**4,000**	0.47	–	March 7, 2025
Mitsui-Soko Holdings Co., Ltd.	17th unsecured straight bonds	March 9, 2018	–	**6,000**	0.67	–	March 9, 2028
Total	–	–	47,000 (7,000)	**50,000 (10,000)**	–	–	–

(Notes) 1. The figures shown in parentheses represent the amount to be redeemed within one year.
2. The scheduled amount of redemption of bonds within five years after the consolidated balance sheet date on a yearly basis is as follows:

(Millions of yen)

Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
10,000	**10,000**	**10,000**	**–**	**–**

[Consolidated detailed schedule of loans payable]

Category	Beginning balance (Millions of yen)	Ending balance (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	6,058	**10,705**	0.57	–
Current portion of long-term loans payable	14,972	**17,494**	1.21	–
Current portion of lease obligations	992	**760**	2.71	–
Long-term loans payable (excluding current portion)	100,847	**79,405**	0.82	From April 2019 to September 2037
Lease obligations (excluding current portion)	1,151	**849**	2.57	From April 2019 to August 2024
Total	124,022	**109,214**	–	–

(Notes) 1. "Average interest rate" represents weighted average interest rate with respect to the ending balance of loans payable and lease obligations.
2. Of lease obligations, current portion of lease obligations is included in "Other" under current liabilities and lease obligations with a maturity of more than one year are included in "Other" under non-current liabilities in the consolidated balance sheet.
3. The scheduled amount of repayment of long-term loans payable and lease obligations (excluding current portion) within five years after the consolidated balance sheet date is as follows:
4. Out of long-term loans payable (excluding current portion),loans from City of Yokohama of 3,000 millions of yen are interest-free.

(Millions of yen)

Category	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Long-term loans payable	**11,341**	**14,302**	**12,006**	**5,735**
Lease obligations	**458**	**240**	**119**	**24**

[Consolidated detailed schedule of asset retirement obligations]

Pursuant to the provision of Article 92-2 of the Regulations on Consolidated Financial Statements, the information is omitted, because the amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2018 were less than 1% of the total of liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2018, respectively.

Other information

Quarterly information for the fiscal year ended March 31, 2018

Cumulative period	Three months ended June 30, 2017	Six months ended September 30, 2017	Nine months ended December 31, 2017	Fiscal year ended March 31, 2018
Operating revenue (Millions of yen)	55,482	114,843	175,786	233,243
Profit (loss) before income taxes (Millions of yen)	2,124	3,473	6,425	8,142
Profit (loss) attributable to owners of parent (Millions of yen)	1,144	1,799	3,391	4,406
Basic earnings (loss) per share (Yen)	9.22	14.49	27.31	35.48

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (Yen)	9.22	5.27	12.82	8.17

Mitsui-Soko Group Network

As of March 31, 2018

Mitsui-Soko Co.,Ltd ······ Tokyo

Warehouse Business,BPO,Port Terminal Business

Mitsui-Soko Kyushu Co., Ltd.	Fukuoka
Mitsui-Soko Business Partners Co., Ltd.	Tokyo
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 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
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 Vietnam Co., Ltd.	Vietnam
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
Prime Cargo Poland	Poland
Prime Cargo USA Inc.	U.S.A.
PST Hungary Kft.	Hungary
Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd. ★	China
Joint Venture Sunrise Logistics Co., Ltd. ★	Vietnam
Nantong Sinavico International Logistics Co., Ltd. ★	China
AW Rostamani Logistics LLC. ★	U.A.E.
Key Logistics AB ★	Sweden

★ = Associates accounted for using equity method.

Mitsui-Soko Express Co., Ltd. ······ Tokyo

Airfreight Forwarding, Multimodal Fowarding 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 Tasimacilik, Organizasyon, Lojistik Limited Sirketi	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

★ = Associates accounted for using equity method.

Mitsui-Soko Logistics Co., Ltd. ······ Tokyo

Third Party Logistics (3PL) Business

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

Land Transportation 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

Mitsui-Soko Holdings Co., Ltd. ······ Tokyo

Holding company, Real Estate Leasing Business

Mitsui-Soko Bizport Co.,Ltd	Tokyo

* Mitsui-Soko International Pte Ltd, which mainly provided logistics services outside Japan, has brought together its supervisory functions in sales and management centered in its overseas areas of responsibility and integrated them in Mitsui-Soko Co., Ltd., effective April 1, 2018.

Corporate Information / Investor Information

As of March 31, 2018

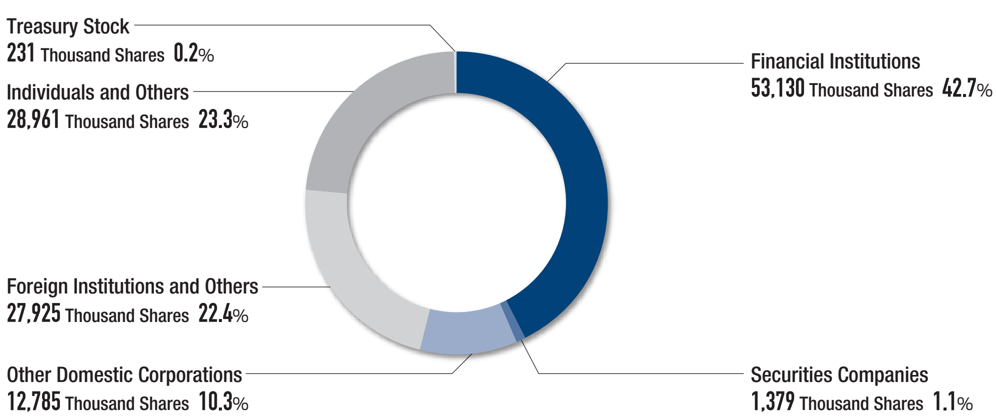
Company Name	MITSUI-SOKO HOLDINGS CO., LTD.
Date of Establishment	October 11, 1909
Head Office	20-1, Nishi-shimbashi 3-chome, Minato-ku, Tokyo 105-0003, Japan
Paid-in Capital	¥11,100,714,274
Number of Employees	8,763 (consolidated base) 829 (non-consolidated base)* *682 loaned personnel included
URL	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 (The number of shares constitute one unit will be changed to 100 shares from October 1, 2018.)
Shareholder Register Agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Major Shareholders

	Location	Number of Shares owned (Thousand shares)	Equity Stake (%)
MITSUI LIFE INSURANCE COMPANY LIMITED	Tokyo	7,846	6.3
Mitsui Sumitomo Insurance Company, Limited	Tokyo	7,005	5.6
Japan Trustee Services Bank, Ltd. (Trust Account)	Tokyo	6,944	5.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	Tokyo	4,313	3.5
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	Foreign	3,770	3.0
Sumitomo Mitsui Banking Corporation	Tokyo	3,484	2.8
MITSUI-SOKO Group Employees' Shareholding Society	Tokyo	2,550	2.1
Takenaka Corporation	Osaka	2,484	2.0
DFA INTL SMALL CAP VALUE PORTFOLIO	Foreign	2,402	1.9
EVERGREEN	Foreign	2,244	1.8

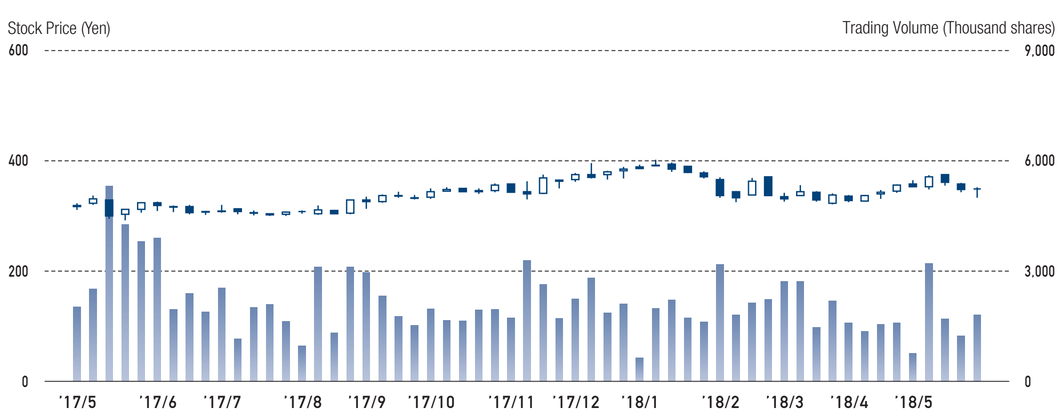
Note: The number of shares has been rounded down to the nearest thousand.
Equity stake is calculated after deducting treasury stock (231,976 shares).

Composition of Shareholders



The number of shares has been rounded down to the nearest thousand, while the ratio of the number of shares is rounded to the second decimal.

Stock Price Range and Trading Volume (Tokyo Stock Exchange)



MITSUI-SOKO HOLDINGS

20-1, Nishi-shimbashi 3-chome, Minato-ku, Tokyo 105-0003, Japan
URL:https://msh.mitsui-soko.com/en

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