

**Financial Report for
the Six Months ended
September 30, 2016**



Value Beyond Logistics

Mitsui-Soko Group

November 9, 2016



- Summary of the Financial Report
for the Six Months ended September 30, 2016
- Detailed Forecast for FY2017
(Year ending March 31, 2017)
- Supplementary Materials (Attachment)



Summary of the Financial Report for the Six Months ended September 30, 2016

(1) Performance Overview

Unit : Millions of yen

Consolidated Total	1st Half ended Sept. 30, 2015	1st Half ended Sept. 30, 2016	Amount of Change	Percentage of Change
Net revenue	97,743	111,813	+14,069	+14.4%
Operating income	1,396	2,333	+936	+67.1%
Ordinary income	(1,270)	1,376	+2,646	—
Net income	(1,451)	138	+1,589	—
Cash flows from operating activities	171	5,807	+5,635	—
Cash flows from investing activities	(29,563)	(4,973)	+24,589	—
Cash flows from financing activities	26,708	(1,969)	(28,677)	—
Consolidated Total	Mar. 31, 2016	Sept. 30, 2016	Amount of Change	Percentage of Change
Shareholders' equity	61,675	59,032	(2,642)	(4.3)%
Total assets	285,939	275,637	(10,302)	(3.6)%
Shareholders' equity ratio	21.6%	21.4%	(0.2)%	—



Summary of the Financial Report for the Six Months ended September 30, 2016

(2) Net Revenue (comparison with the same period in the previous year)

Unit : Millions of yen

Consolidated Total	1st Half ended Sept. 30, 2015	1st Half ended Sept. 30, 2016	Amount of Change	Percentage of Change
Logistics Business	93,265	107,439	+14,174	+15.2%
Real Estate Business	4,735	4,697	(38)	(0.8)%
Elimination and /or corporate	(257)	(323)	(65)	—
Net Revenue	97,743	111,813	+14,069	+14.4%



【Main factors of changes in Logistics Business】

Plus Factors Total approx. 20 billion yen	Newly Consolidated	+Contribution of Marukyo Group from Jan. 2016. +Contribution of Prime Cargo Group from Jul. 2015. +Contribution of Naha International Container Terminal, Inc. from Jan. 2016.
	Domestic warehouse & transportation	+Start of new warehouse for health care products in Saitama Prefecture and Hyogo Prefecture. +Expansion of handling area for consumer electronics. +Increased handling volume of documents storage.
	Air transportation	+Increased handling volume of air cargo for increased automobile related projects. +Increased handling volume of air cargo due to expansion of intermediate trade.
	Overseas	+Increased handling volume of customers in North American area.
Minus Factors 5.5 billion yen	Domestic warehouse & transportation	-Decreased handling volume for furniture installation. -Decreased net sales of NVO. -Decreased handling volume of consumer electronics due to inventory compression. -Decreased handling volume due to Kumamoto earthquake.
	Port terminal operation	-Decreased handling volume at container terminals for sluggish sea route cargo movement between Japan and China.
	Overseas	-Lessened net revenue in overseas subsidiaries due to high exchange rate of the yen.



Summary of the Financial Report for the Six Months ended September 30, 2016

(3) Operating Income (comparison with the same period in the previous year)

Unit : Millions of yen

Consolidated Total	1st Half ended Sept. 30, 2015	1st Half ended Sept. 30, 2016	Amount of Change	Percentage of Change
Logistics Business	786	1,644	+858	+109.1%
Real Estate Business	2,385	2,508	+122	+5.1%
Joint company expenses	(1,775)	(1,819)	(43)	—
Operating Income	1,396	2,333	+936	+67.1%



【Main factors of changes in Logistics Business】

Plus Factors Total approx. 2 billion yen	Newly Consolidated	+Contribution of Marukyo Group from Jan. 2016. +Contribution of Prime Cargo Group from Jul. 2015. +Contribution of Naha International Container Terminal, Inc. from Jan. 2016.
	Domestic warehouse & transportation	+Increased handling volume of documents storage. +Expansion of handling area for consumer electronics. +Conducting cost reduction plan that includes reviewing business allocation and staff assignment.
	Air transportation	+Increased handling volume of air cargo for increased automobile related projects.
	Overseas	+Increased handling volume of customers in North American area.
Minus Factors Total approx. 1.2billion yen	Domestic warehouse & transportation	-Decreased handling volume of consumer electronics due to inventory compression. -Preceding depreciation cost due to start-up of new facilities. -Decreased handling volume for furniture installation. -Decreased handling volume due to Kumamoto earthquake.
	Port terminal operation	-Allocating allowance for doubtful accounts for Hanjin Shipping Co., Ltd. -Decreased handling volume at container terminals for sluggish sea route cargo movement between Japan and China.
	Overseas	-Decreased handling volume in Europe and China due to economic downturn.



Summary of the Financial Report for the Six Months ended September 30, 2016

(4) Net Revenue (comparison with the forecast)

Unit : Millions of yen

Consolidated Total	1st Half Estimate released on Aug., 2016	1st Half Results	Amount of Change	Percentage of Change
Logistics Business	115,500	107,439	(8,060)	(7.0)%
Real Estate Business	5,000	4,697	(302)	(6.1)%
Elimination and /or corporate	(500)	(323)	+176	—
Net Revenue	120,000	111,813	(8,186)	(6.8)%



【Main factors of changes in Logistics Business】

Plus Factors	Domestic warehouse & transportation	+Expansion of handling area for consumer electronics.
	Air transportation	+Increased handling volume of air cargo for increased automobile related projects +Increased handling volume of air cargo due to expansion of intermediate trade.
	Overseas	+Increased handling volume of customers in North American area.
Minus Factors	Domestic warehouse & transportation	-Unachieved goal for acquiring new customers. -Sluggish domestic cargo movement. -Decreased handling volume of consumer electronics due to inventory compression. -Decreased handling volume due to Kumamoto earthquake.
	Port terminal operation	-Decreased handling volume at container terminals for sluggish sea route cargo movement between Japan and China.
	Overseas	-Lessened net revenue in overseas subsidiaries due to high exchange rate of the yen. -Decreased handling volume in Europe and China due to economic downturn.



Summary of the Financial Report for the Six Months ended September 30, 2016

(5) Operating Income (comparison with the forecast)

Unit : Millions of yen

Consolidated Total	1st Half Estimate released on Aug., 2016	1st Half Results	Amount of Change	Percentage of Change
Logistics Business	1,700	1,644	(55)	(3.2)%
Real Estate Business	2,400	2,508	+108	+4.5%
Joint company expenses	(1,900)	(1,819)	+80	—
Operating Income	2,200	2,333	+133	+6.1%



【Main factors of changes in Logistics Business】

Plus Factors	Domestic warehouse & transportation	+Productivity improvement of documents storage. +Reduction of administrative cost etc. +Expansion of handling area for consumer electronics.
	Air transportation	+Increased handling volume of air cargo for increased automobile related projects.
	Overseas	+Increased handling volume of customers in North American area.
Minus Factors	Domestic warehouse & transportation	-Unachieved goal for acquiring new customers. -Sluggish domestic cargo movement. -Decreased handling volume of consumer electronics due to inventory compression. -Decreased handling volume due to Kumamoto earthquake.
	Port terminal operation	-Allocating allowance for doubtful accounts for Hanjin Shipping Co., Ltd. -Decreased handling volume at container terminals for sluggish sea route cargo movement between Japan and China.
	Overseas	-Decreased handling volume in Europe and China due to economic downturn.



Summary of the Financial Report for the Six Months ended September 30, 2016

(6) Ordinary Income and Net Income

Unit : Millions of yen

Consolidated Total	1st Half ended Sept. 30, 2015	1st Half ended Sept. 30, 2016	Amount of Change
Operating income	1,396	2,333	+936
Non-operating income (expenses)	(2,667)	(957)	+1,709
Financial balance	(173)	(406)	(232)
Ordinary income	(1,270)	1,376	+2,646
Extraordinary gains	822	218	(603)
Extraordinary losses	448	47	(400)
Net income	(1,451)	138	+1,589



Summary of the Financial Report for the Six Months ended September 30, 2016

(7) Cash Flows

Unit : Millions of yen

Consolidated Total	1st Half ended Sept. 30, 2015	1st Half ended Sept. 30, 2016	Amount of Change
Cash flows from operating activities	171	5,807	+5,635
Depreciation expenses	3,688	4,267	+579
Amortization of goodwill	1,353	1,375	+22
Cash flows from investing activities	(29,563)	(4,973)	+24,589
Capital expenditure	(9,151)	(4,374)	+4,776
Acquisition of shares	(21,466)	(344)	+21,122
Sales of assets	1,298	29	(1,269)
Cash flows from financing activities	26,708	(1,969)	(28,677)
Interest-bearing debt	152,768	158,072	+5,304
Year-end cash balance	20,001	23,314	+3,313
Year-end net debt	131,230	133,273	+2,043

*Net debt= Interest-bearing debt-(Cash&deposit)

Note : Interest-bearing debt: 160,781 million yen (as of March 31, 2016)

Cash balance: 25,000 million yen (as of March 31, 2016)

Cash flows from operating activities :

Increase of income and of termination of trade payables decrease for certain business companies.

Cash flows from investing activities :

Acquisition of shares of Sony Supply Chain Solutions and Prime Cargo in the previous finance year.



Detailed Forecast for FY2017

(1) Performance Overview

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 Forecast (Apr.2016- Mar.2017)		Amount of Change	Percentage of Change
		1st Half Results	2nd Half Forecast		
Net revenue	212,971	111,813	113,000	+12,028	+5.6%
Operating income	3,287	2,333	3,100	+2,212	+67.3%
Ordinary income	912	1,376	2,500	+2,987	+327.2%
Net income	211	138	800	+788	+372.0%
Cash flows from operating activities	11,101	5,807	6,500	+898	+8.1%
Cash flows from investing activities	(36,019)	(4,973)	(7,500)	+23,519	—
Cash flows from financing activities	28,826	(1,969)	1,500	(29,326)	—
Shareholders' equity	61,675	59,032	59,000	(2,675)	(4.3)%
Total assets	285,939	275,637	280,000	(5,939)	(2.1)%
Shareholders' equity ratio	21.6%	21.4%	21.4%	(0.2)%	—



Detailed Forecast for FY2017

(2) Net Revenue and Operating Income

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 Forecast (Apr.2016- Mar.2017)				Amount of Change	Percentage of Change	
		1st Half Results	3rd Quarter Forecast	4th Quarter Forecast	2nd Half Forecast			
Logistics Business	203,872	107,439	55,800	52,800	108,600	216,000	+12,127	+5.9%
Real Estate Business	9,614	4,697	2,350	2,350	4,700	9,500	(114)	(1.2)%
Elimination and /or corporate	(515)	(323)	(150)	(150)	(300)	(500)	+15	—
Net Revenue	212,971	111,813	58,000	55,000	113,000	225,000	+12,028	+5.6%
Logistics Business	2,130	1,644	1,800	1,100	2,900	4,600	+2,469	+115.9%
Real Estate Business	4,916	2,508	1,100	1,100	2,200	4,700	(216)	(4.4)%
Joint company expenses	(3,759)	(1,819)	(1,000)	(1,000)	(2,000)	(3,800)	(40)	—
Operating Income	3,287	2,333	1,900	1,200	3,100	5,500	+2,212	+67.3%

[Main factors of changes]

Plus Factors	Newly consolidated	+Contribution of Marukyo Group consolidated last year. +Contribution of Prime Cargo Group consolidated last year.
	Air transportation	+Increased handling volume of air cargo for increased automobile related projects.
Minus Factors	Port terminal operation	-Allocating allowance for doubtful accounts for Hanjin Shipping Co., Ltd. -Decreased handling volume at container terminals for sluggish sea route cargo movement between Japan and China.



Detailed Forecast for FY2017

(3) Ordinary Income and Net Income

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 Forecast (Apr.2016-Mar.2017)			Amount of Change
		1st Half Results	2nd Half Forecast	Total	
Operating income	3,287	2,333	3,100	5,500	+2,212
Non-operating income (expenses)	(2,375)	(957)	(600)	(1,600)	+775
Financial balance	(599)	(406)	(400)	(800)	(200)
Ordinary income	912	1,376	2,500	3,900	+2,987
Extraordinary gains	3,832	218	—	200	(3,632)
Extraordinary losses	1,930	47	100	200	(1,730)
Net income	211	138	800	1,000	+788



Detailed Forecast for FY2017

(4) Financial Forecast

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 Forecast (Apr.2016-Mar.2017)			Amount of Change
		1st Half Results	2nd Half Forecast	Total	
Cash flows from operating activities	11,101	5,807	6,500	12,000	+898
Depreciation expenses	8,246	4,267	4,500	9,000	+753
Amortization of goodwill	2,969	1,375	1,400	2,800	(169)
Cash flows from investing activities	(36,019)	(4,973)	(7,500)	(12,500)	+23,519
Cash flows from financing activities	28,826	(1,969)	1,500	(500)	(29,326)
Interest-bearing debt	160,781	158,072	160,000	160,000	(781)
Year-end cash balance	25,000	23,314	24,000	24,000	(1,000)