MITSUI-SOKO 2013

WE MOVE GOODS WITH TOTAL DEDICATION.

Annual Report 2013
Year ended March 31, 2013

MITSUI-SOKO

Profile

During the more than 100 years since being founded in 1909, Mitsui-Soko Co., Ltd. ("the Company") has steadily expanded its bases in major cities across Japan while expanding its mainstay warehouse business. Today, the Company provides a diverse range of logistics businesses, including port terminal business, domestic transport business and international transport business, as well as a domestic real estate business that specializes in building leasing.

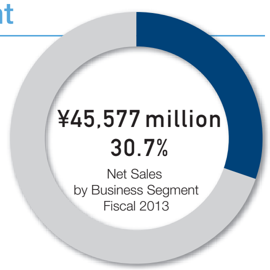
At present, Mitsui-Soko and its consolidated subsidiaries (hereafter "the Group") utilize logistics bases in Japan and overseas to carry out business globally. The Group not only provides traditional services but also offers new services based on its corporate vision of a "company which offers optimal logistics solutions." These new services include the provision of management integration for actual logistics and information at all stages of customers' business operations, from production to sales.

The Group endeavors to maintain sustainable growth through the logistics business during its next phase of growth. The Group also seeks to strengthen its business based on new concepts and technologies, in addition to rebuilding its global network and developing new businesses overseas. Furthermore, the Group continues to promote business management that places a high priority upon key issues including corporate value and cost of capital, and responds quickly to changes in the corporate environment and fundamental business factors, while fulfilling its corporate social responsibility through its businesses.

Business Lines

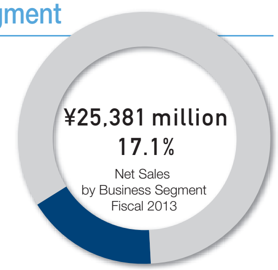
Domestic Logistics Segment

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



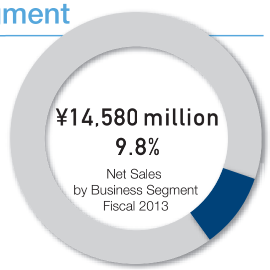
International Transportation Segment

Providing combined transport services, consolidated air forwarding services, and related logistics services.



Domestic Port Terminal Segment

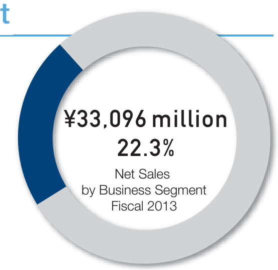
Providing port-related work and services to shipping companies that are our primary customers in this business.



Logistics Systems Segment

Providing services that support a supply chain management (SCM) through third-party logistics (3PL)*1.

*1 Comprehensive services including the establishment, management and operation of logistics to support customers' SCM



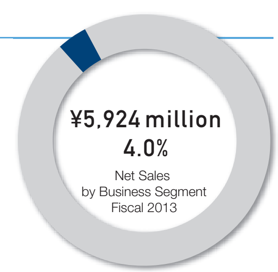
Global Network Segment

Providing logistics services to Japanese affiliated and local companies overseas through the network of overseas group subsidiaries.

BPO Segment

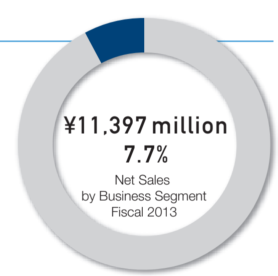
Providing business process outsourcing (BPO)*2 for operations and management, by taking over a portion or all of the work processes performed by customers.

*2 A more advanced form of outsourcing that provides consultation and services covering all business processes



Real Estate Segment

Managing and operating large office buildings equipped with advanced information technology.



Note: The Company changed business segments from the year ended March 31, 2013. Net sales include intersegment sales or transfers.

The Evolution of Mitsui-Soko

		Domestic Logistics Segment	Domestic Port Terminal Segment	Global Network Segment	International Transportation Segment	Logistics Systems Segment	BPO Segment	Real Estate Segment
1909	Founded as Toshin Soko Co., Ltd. when the warehouse division was spun off of Mitsui Bank.	Launched the warehousing business.						
1917			Launched the port transport business.					
1942	Renamed Mitsui-Soko Co., Ltd.							
1950	Listed on the Tokyo Stock Exchange.							
1966		Launched the cargo vehicle transport business.						
1968			Launched the handling of marine containers and the operation of container terminals in Japan.					
1977				Launched full-scale international transport services.				
1982					Launched full-scale air cargo transport services.			
1986							Launched "Big Bag" services (trunk room storage, moving, etc. services for non-commercial goods).	
1989								Launched full-scale real estate leasing business.
2005		Established a new high-efficiency, multifunctional logistics facility and began redevelopment of existing facilities in the Tokyo metropolitan area.						
2008						Launched full-scale 3PL service.		
2009	Celebrated the Company's centennial.							
2011					Acquired all shares of a subsidiary of JTB Corp., renamed this company Mitsui-Soko Air Cargo Inc., and thereby expanded and strengthened international cargo transport business, including air cargo transport services.	Inaugurated FLEXPRESS logistics package service within Asia.		
2012					Acquired shares of TAS Express Co., Ltd. to be merged with Mitsui-Soko Air Cargo Inc. and started as Mitsui-Soko Express Co., Ltd.	Acquired all shares of SANYO Electric Logistics Co., Ltd. and renamed this company Mitsui-Soko Logistics Co., Ltd. to fortify 3PL business.		

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

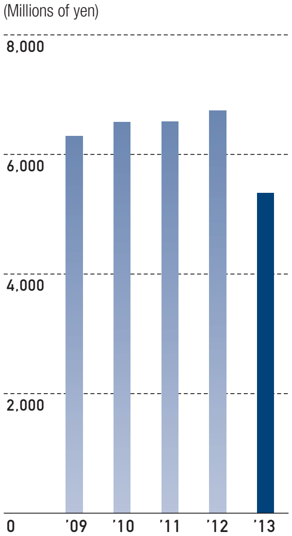
MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2013	2012	2011	2010	2009	**2013**
For the year:						
Net sales	**¥ 148,242**	¥ 107,345	¥ 96,766	¥ 88,728	¥ 99,827	**$ 1,576,200**
Operating income	**5,363**	6,732	6,549	6,543	6,308	**57,023**
Net income	**3,166**	2,151	2,534	1,859	1,732	**33,664**
Net cash provided by operating activities	**7,142**	9,682	8,104	10,227	7,556	**75,937**
At year-end:						
Total assets	**¥ 232,873**	¥ 197,338	¥ 184,035	¥ 169,644	¥ 166,000	**$ 2,476,050**
Equity	**57,697**	50,853	49,967	50,292	51,816	**613,465**
Per share of common stock (in yen and U.S. dollars):						
Basic net income	**¥ 25.49**	¥ 17.32	¥ 20.40	¥ 14.38	¥ 13.03	**$ 0.27**
Equity	**440.99**	403.70	396.61	394.37	380.26	**4.69**
Cash dividends applicable to the year	**9.00**	9.00	9.00	9.00	9.00	**0.10**
Ratios:						
Equity ratio (%)	**23.5**	25.4	26.8	28.9	30.4	
Return on equity (%)	**6.0**	4.3	5.2	3.7	3.3	
Interest coverage ratio (times)	**4.9**	6.7	5.3	6.7	6.6	
Price/Earnings ratio (times)	**22.7**	20.4	15.9	24.3	29.4	

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥94.05 to $1, the approximate rate of exchange at March 31, 2013. (See Note 1 of the Notes to Consolidated Financial Statements)

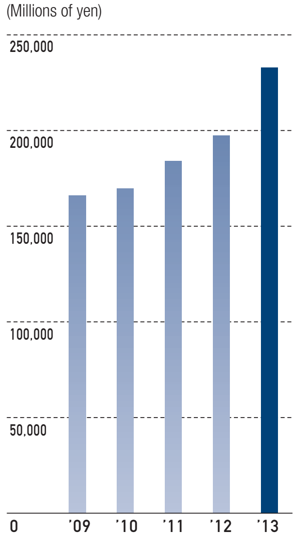
Operating Income

(Millions of yen)



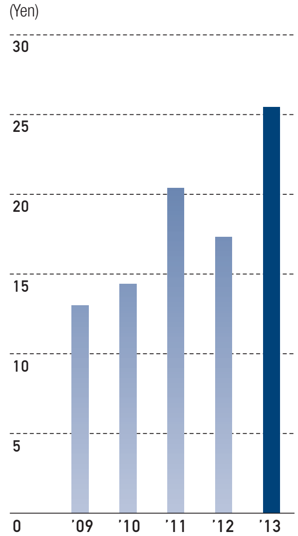
Total Assets

(Millions of yen)



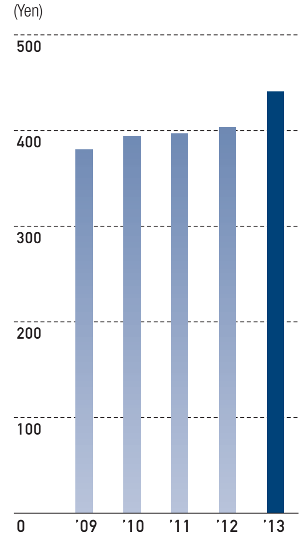
Basic Net Income per Share

(Yen)



Equity per Share

(Yen)



Message from the President

Kei Fujioka
President

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

As we begin to see signs of changes in these severe economic conditions, we have reconfirmed our value and established a new medium-term management plan, “MOVE2013,” which will tie our value together with growth in the market. We have taken the first step in maintaining a proper growing balance of each business, while bringing to bear synergistic effects to accelerate the pace of our growth.

<Market Environment of the fiscal year ended March 31, 2013 (Fiscal 2013)>

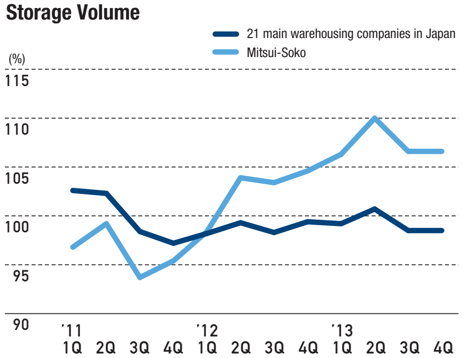
While the market environment remained severe, we saw signs of recovery in the emerging countries in Asia.

The economy of Japan during the period of the fiscal 2013 showed improvements in the export environment toward the end of the fiscal year, and signs emerged with a rally reflecting the effects of economic and financial policies. However, throughout the period, the business environment continued to be severe, trending year-on-year declines in the industrial production index, reflecting a deceleration in the global economy.

The logistics industry has been subject to the effects of such global economy, and while storage balances for type 1-3 warehouses of 21 main warehousing companies are recovering gradually, incoming and outgoing balances and cargo turnover ratio have been flat, and exports have been weak. However, in China and other Asian region, handling volume has been recovering, showing signs of economic rally throughout the second half of the fiscal 2013.

Looking at Asia-Pacific region from the perspective of logistics, we believe that we can expect future growth in Northeast Asia, particularly China and Korea, as well as Thailand and Indonesia in Southeast Asia.

Storage Volume



*The average amount of fiscal 2010 is regarded as 100.

<Fiscal 2013 Consolidated Business Results>

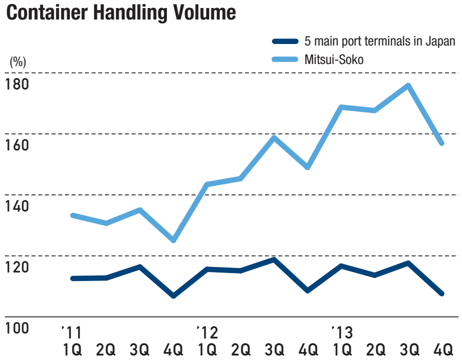
The effects of business integration have been successful in expanding our business operations.

Under such economic environment, our Group experienced overall stable earnings due to the effects of business integration.

Our Domestic Logistics Segment, which offers warehousing, domestic transportation, distribution processing and other logistics services, experienced a recovery in storage balances. However, weakness in freight movement and decreases in handling volume, mainly in export cargo, led to lower net sales and operating income.

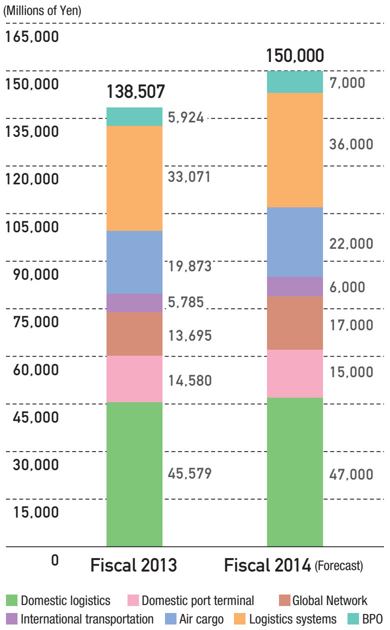
The Domestic Port Terminal Segment, which offers port-related work and services to shipping companies, was contributed by a new customer acquired during the prior fiscal year and container terminal related work turned stronger, leading to increased net sales. However, contraction in margins resulted in a decline of operating income.

Container Handling Volume

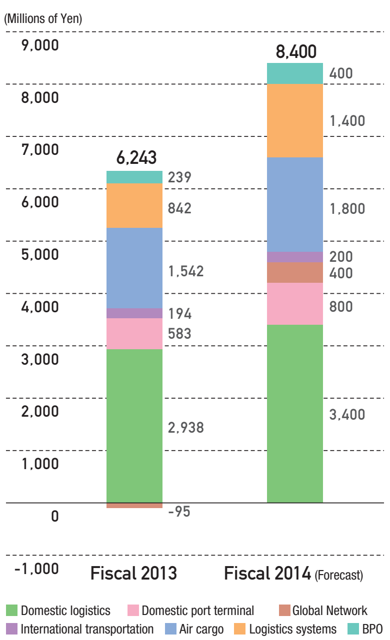


*Statistics for 5 main port terminals in Japan are based on figures up to Feb. 2013.
*The average amount of fiscal 2010 is regarded as 100.

Net Sales by Logistics Segment



Operating Income by Logistics Segment



Note: Certain segments were reorganized beginning April 2013. Domestic Logistics was replaced as Warehouse; International Transportation was divided into International Transportation and Air Cargo.

Note: Figures of net sales and operating income for the fiscal year ended March 31, 2013 have been adjusted to the new segment.

The Global Network Segment, which offers logistics services through our network of overseas group subsidiaries, experienced higher net sales and operating income due to a recovery in handling volume in China and other Asian region, as well as the effect of the integration of a logistics company in Czech Republic.

The International Transportation Segment, which provides combined transport services, consolidated air forwarding services, and related logistics services, saw increased net sales and operating income due to the integration of TAS Express Co., Ltd. with Mitsui-Soko Air Cargo Inc. on July 1, 2012 and to the subsequent conversion to a consolidated subsidiary (presently Mitsui-Soko Express Co., Ltd.).

The Logistics Systems Segment, which provides SCM support services through third-party logistics (3PL), saw net sales and operating income rise owing to the contributions of Mitsui-Soko Logistics Co., Ltd., which became our consolidated subsidiary in April, 2012.

The Business Process Outsourcing (BPO) Segment, offering BPO services that operate and manage a consigned basis for some or all of the business processes, experienced higher net sales and operating income thanks to an increase in services volume from existing customers.

The Real Estate Segment, meanwhile, experienced decreased net sales and operating income after a sale of a leasing property during the prior fiscal year from the standpoint of improving asset efficiency and financial balance.

As a result, consolidated earnings for the fiscal 2013 showed net sales of ¥148,242 million, a 38.1% year-on-year increase and operating income of ¥5,363 million, a 20.3% decrease year-on-year. From a perspective of asset efficiency improvement, the Group sold some of its fixed assets, resulting in net income of ¥3,166 million, representing a 47.2% year-on-year increase.

<Future Outlook>

We strive to accomplish the goals established for the first year of the new medium-term management plan.

We expect a recovery in business conditions for the fiscal year ending March 31, 2014, reflecting an improved export environment such as increase of export cargo and effective economic and financial policies.

Given these conditions, the Group will move forward steadily to achieve the goals established for the first year of the “MOVE2013”, the medium-term management plan. In addition, we will endeavor to strengthen our logistics business and improve service quality, while making the most of the expertise and strengths of Mitsui-Soko Express Co., Ltd. and Mitsui-Soko Logistics Co., Ltd., the two companies we have recently welcomed to our Group. With respect to our consolidated business results for the next fiscal year ending March 31, 2014, we forecast net sales of ¥159,000 million (7.3% year-on-year increase), with operating income of ¥6,200 million (15.6% increase), and net income of ¥3,700 million (16.9% increase).

With respect to dividends, our policy is to maintain a stable level on dividend payout, considering our medium- and long-term profit levels and financial condition, so that the payout is not unduly affected by short-term fluctuations. In keeping with this policy, the Group has set year-end dividends at ¥4.50 per share, resulting in ¥9.00 per share full-year dividend when combined with the interim dividend payout. The Group intends to pay an annual dividend of ¥9.00 per share (interim dividend of ¥4.50 per share) for the next fiscal year.

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

MOVE2013 New Medium-Term Management Plan

Our Group conducted initiatives to create a foundation for growth, strengthening our logistics business and air forwarding business through mergers and acquisitions, as well as launching an investment and trading company in China. Based on this improved business structure, the Group, in order to pursue further growth corresponding to changes in the business environment, created the new medium-term management plan, “MOVE2013” in November, 2012. Under MOVE2013, the Group set a goal and started working to achieve net sales of ¥180,000 million, operating income of ¥11,000 million, and a return on equity of at least 8.0% in the final year of the three-year plan, the fiscal year ending March 31, 2016.

M O V E

Mitsui **O**riginal **V**alue & **E**volution

MOVE is an abbreviation of Mitsui Original Value & Evolution. It reaffirms our corporate value to us, and represents our approach to policies that we believe will maximize our value from the viewpoint of customers. Therefore, it guides us to the unique evolution that can be achieved only by us.

Three Business Policies

Pursuing the three policies below over the next course of three years, we aim to attain stronger business structure that will continue to grow in balance, while producing Group-wide synergies.

01 Concentrated Investment in Growing Fields in Asia-Pacific Region

We consider Japan, Northeast Asia, and Southeast Asia as a single large region as Asia-Pacific. "Growing fields" include two categories: “Area” and “Industry”. Our targeted Areas are China and Korea in Northeast Asia and Thailand and Indonesia in Southeast Asia. The Industries we put on target are pharmaceutical/medical healthcare and machinery components. We plan to actively invest in these regions and businesses.

02 Development and Growth of Platform Services

Under this policy, our aim is to create a logistics framework that anticipates customer needs in advance, resulting in a business model that attracts even greater numbers of customers.

03 Optimizing Asset Portfolio

More efficient management for all assets will be promoted under this policy.

Net Sales	Operating Income	Balance of Interest-bearing Debt	ROE	DE Ratio
¥180 Billion	¥11 Billion	¥100 Billion	8.0%	1.5 Times

01 Concentrated Investment in Growing Fields in Asia-Pacific Region

Thailand

<New Warehouse Construction>
Planned construction site: Samut Prakan Province
Total floor space: About 19,200m^2
Construction: One-story steel frame structure
Anticipated completion: December 2013

Indonesia

<Warehouse Extension>
Location: Jakarta
Total floor space: About 8,100m^2
Construction: Two-story building with a reinforced concrete and steel structure
Anticipated completion: April 2014

<Land Acquisition for New Warehouse>
Location: Bekasi Regency, West Java
Planned total floor space: About 32,000m^2
Anticipated completion: After 2014

Kobe

<Nishi Kobe Office>
Location: Kobe City, Hyogo Prefecture
Total floor space: 17,892m^2
Construction: Four-story building with a steel reinforced concrete and seismically isolated structure
Completed: November 2012

China

<New Warehouse Construction>
Planned construction site: Pudong, Shanghai
Total floor space: About 50,000m^2
Construction: Two multi-story buildings with a reinforced concrete structure
Anticipated completion: May 2014

Regional Strategy

The Group will engage in concentrated investment in Asia-Pacific region that demonstrates particularly notable growth. At the same time, however, this region is an area in which we have delivered more than 20 years of successful performance in the logistics business.

In China, the Group already operates about 170,000m^2 warehouses. Furthermore, we are building about a 50,000m^2 warehouse in Shanghai, the largest consuming area in China. The warehouse is expected to be equipped with controlled/low temperature function that meets the demand for high-quality goods which is predicted to grow in the future.

With respect to Thailand, which is a growth center in the region, the Group already operates more than about 14,000m^2 warehouses, however, another 19,200m^2 warehouse will be built to respond to the demands for machinery component distribution and for domestic consumer products distribution. We will incorporate the expertise of Mitsui-Soko Express Co., Ltd., a company recently joined into the Group, in the new warehouses in Thailand to offer customers higher level components distribution.

Operating 18,000m^2 warehouses in Indonesia, the group will add about 40,100m^2 warehouses (including extension and new construction) to respond to increasing needs for manufacturing logistics and consumption logistics. We are investing in this new warehouse to meet the domestic demand in Indonesia, where personal incomes are growing significantly.

Industrial Strategy

We regard nursing-, health-, and beauty-related products such as pharmaceuticals, medical products, and cosmetics as under the Healthcare heading. In general, the Healthcare field is resistant to the impact of changes of economic environment, and the aging society is expected to drive growth in the field. In this field, the Group has already started large-scale operations using a portion of existing Group warehouses.

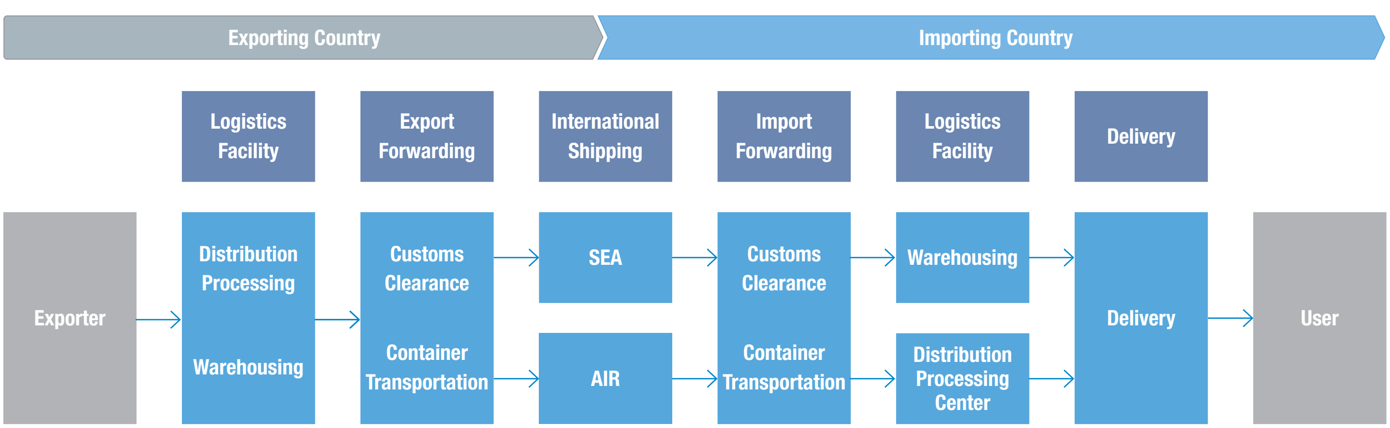
While MOVE2013 calls for concentrated investment in the growing field of Healthcare, the Group has already opened the Nishi Kobe Office in November 2012, as a facility specializing in pharmaceutical products in Kobe, Japan. This facility offers a base warehousing space with strict temperature controls and advanced security, while featuring disaster-hardened construction such as seismically isolated structure and environmentally friendly measure of installing LED lighting throughout the entire facility, and so on. Operationally, this facility is located within the Kobe Logistics Center, which is a major center for pharmaceuticals-related facilities, enabling smooth transportation to every region of the country through the nation-wide wide-area road network.

This facility began at full operations with vertical start-up from its opening, and the Group has acquired land within the same area to construct the second warehouse for which a business plan is being formed. Moving forward, the Group will work to meet customers' expectations in the Healthcare field, ensuring balanced quality in operation on a national scale.

02 Development and Growth of Platform Services

Our Platform Service differs from conventional specific services for specific customers as it offers shared and standardized logistics services with a framework that will attract a large number of unspecified customers. We plan to expand logistics network functions and extend this logistics platform service into growing fields in anticipation of the needs of many customers.

(Diagram) Total Solution Offering a View of the Entire Supply Chain from the Customers' Viewpoint



03 Optimizing Asset Portfolio

The Company is engaged in a review of all assets including land and buildings as a means to improve asset efficiency and financial structure.

Nakanoshima
(Parking lot in Osaka)

Sannomiya
(Parking lot in Kobe)

Ikebukuro
(An office building in Tokyo)

Reorganized →

Onarimon HQ Building

MOVE2013 Implementation Structure

To make steady progress toward the goals defined in MOVE2013, the medium-term management plan, the Group has reorganized its business units. This reorganization has assigned profit responsibility for the six business units of Warehouse, Port, China & Asia, Europe & America, International Transportation, and BPO and two core business companies of Mitsui-Soko Express Co., Ltd., in charge of Air Forwarding business and Mitsui-Soko Logistics Co., Ltd., in charge of Logistics Systems business. We clarify the functions and profit responsibility of each business unit and company, charging each with the responsibility. Each business unit and company will accelerate growth speed while competing and cooperating with an equal relationship.

Board of Directors

President

Corporate Units

Strategic Planning Division/
Business Development Division/
Public Relations Division

- Corporate Administrative Headquarters
- Corporate Management Headquarters
- Logistics Business Headquarters

*Group-wide management functions

Business Units

- Warehouse Business Headquarters
- Port Business Headquarters
- China & Asia Business Headquarters
- Europe & America Business Headquarters

Global Network Segment

- International Transportation Headquarters
- BPO Business Headquarters

Core Business Companies

- Mitsui-Soko Express Co., Ltd. (Air Forwarding Business)
- Mitsui-Soko Logistics Co., Ltd. (Logistics Systems Business)

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

Establishment of an Internal Control System

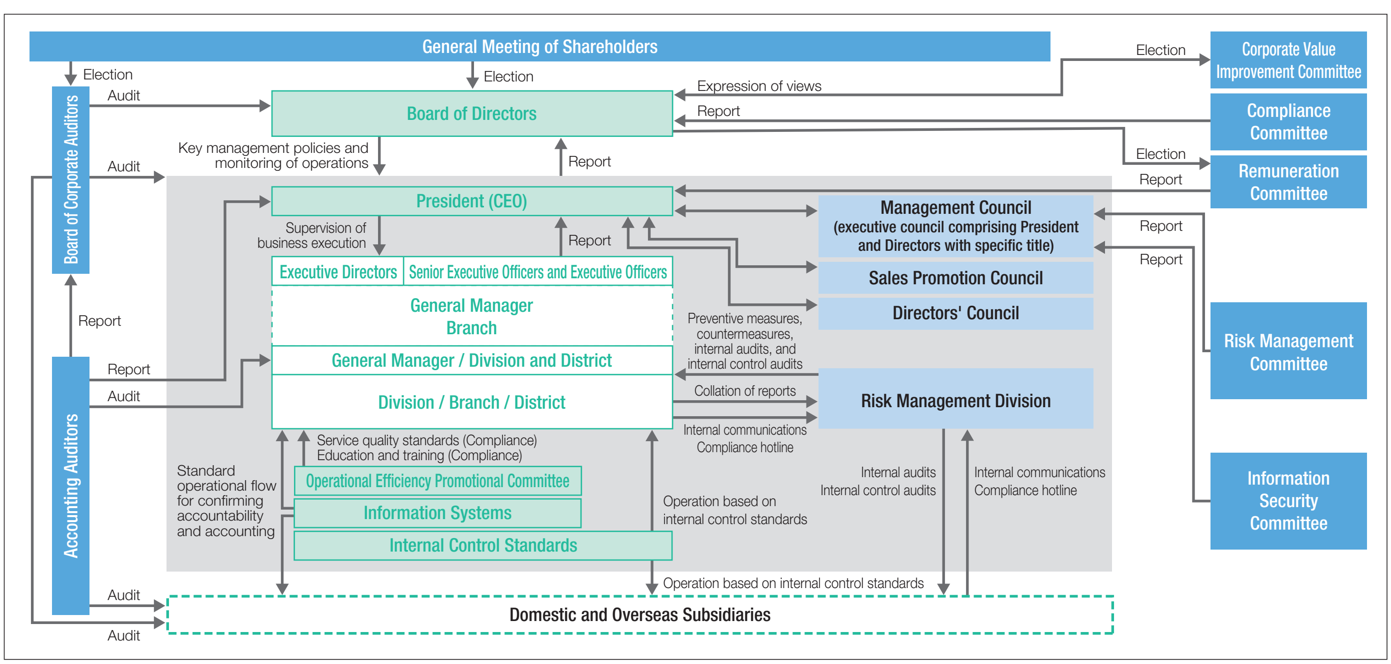
The Company has put in place internal controls to ensure that the execution of duties by directors conforms with laws and the Company's articles of incorporation as well as to ensure the appropriateness of other operations carried out by the Company. We have also established rules and regulations associated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

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

Risk Management Structure and Internal Auditing

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

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



Directors, Corporate Auditors, Corporate Officers and Executive Officers

As of June 27, 2013

Front from left **Kei Fujioka, Kazuo Tamura**
Back from left **Makoto Ikari, Yukihiro Nakaya, Soji Takekuma, Makoto Tawaraguchi**

Directors

Chairman	Kazuo Tamura
President *	Kei Fujioka
Managing Director *	Makoto Ikari
Managing Director *	Yukihiro Nakaya
Managing Director	Soji Takekuma
Managing Director	Makoto Tawaraguchi
Director	Eiji Michise
Director	Motome Ikeda
Director	Koji Yagawa
Outside Director	Yasuhiko Fukatsu
Outside Director	Kazunari Uchida

Representative *

Corporate Auditors

Senior Corporate Auditor (full-time)	Shinichiro Sasao
Outside Corporate Auditor (full-time)	Keiichi Okubo
Outside Corporate Auditor (part-time)	Osamu Sudoh
Outside Corporate Auditor (part-time)	Motohide Ozawa

Corporate Officers and Executive Officers

Chief Executive Officer, Responsible for Warehouse Business Headquarters	Kei Fujioka
Chief Financial Officer, Responsible for Corporate Management Headquarters	Makoto Ikari
Chief Compliance Officer, Responsible for Corporate Administrative Headquarters	Yukihiro Nakaya
Senior Executive Officer, China & Asia Business Headquarters	Soji Takekuma
Senior Executive Officer, Port Business Headquarters	Makoto Tawaraguchi
Senior Executive Officer, Director of Warehouse Business Development of Warehouse Business Headquarters	Eiji Michise
Senior Executive Officer, BPO Business Headquarters	Motome Ikeda
Senior Executive Officer, Director of Operations & General Manager of Kanto Branch of Warehouse Business Headquarters	Koji Yagawa
Senior Executive Officer, General Manager of Chubu Branch of Warehouse Business Headquarters	Shunichi Igarashi
Executive Officer, Europe & America Business Headquarters	Kenji Takatoh
Executive Officer in charge of designated assignment	Akira Ogasawara
Executive Officer, China Region	Daisuke Goto
Executive Officer, General Affairs Officer of Corporate Administrative Headquarters	Ryoji Ogawa
Executive Officer, Logistics Business Headquarters	Yoshiaki Miyajima
Executive Officer, International Transportation Headquarters	Ryuji Ikeda
Executive Officer, IT·Risk Management Officer of Corporate Administrative Headquarters	Osamu Odanaka
Executive Officer, General Manager of Kansai Branch of Warehouse Business Headquarters	Kiyoshi Obata
Executive Officer, Port Business Officer of Port Business Headquarters	Kyozo Nakamura
Executive Officer, Finance Officer of Corporate Management Headquarters	Nobuo Nakayama

Management's Discussion and Analysis

Business Results

Net Sales

While the economy showed signs of recovery in certain sectors during the fiscal year ended March 31, 2013, overall business conditions remained challenging. Despite these conditions, the Group recorded net sales of ¥148,242 million, representing a ¥40,897 million year-over-year gain (38.1%). This result was mainly due to favorable performances in our Global Network and BPO Segments, as well as the strong contributions of Mitsui-Soko Logistics Co., Ltd. and Mitsui-Soko Express Co., Ltd., which were newly added to the Group consolidation.

By segment, the Group recorded net sales of ¥45,577 million (¥179 million, 0.4% year-over-year decrease) in the Domestic Logistics Segment, ¥14,580 million (¥361 million, 2.5% increase) in the Domestic Port Terminal Segment, ¥13,695 million (¥1,772 million, 14.9% increase) in the Global Network segment, ¥25,381 million (¥8,270 million, 48.3% increase) in the International Transportation Segment, ¥33,096 million (¥31,607 million increase) in the Logistics Systems Segment, ¥5,924 million (¥777 million, 15.1% increase) in the BPO Segment, and ¥11,397 million (¥680 million, 5.6% decrease) in the Real Estate Segment.

Cost of Sales and SG&A Expenses

Together with the increase in net sales, cost of sales increased by ¥36,538 million (39.5%) compared to the prior fiscal year, amounting to ¥128,862 million. The ratio of cost of sales to net sales increased by 0.9 points to 86.9%. Selling, general and administrative (SG&A) expenses increased by ¥5,728 million (69.1%) year-over-year, reaching ¥14,017 million.

Operating Income

Due to lower handling volume in the Domestic Logistics Segment and a contraction in margins in the Domestic Port Terminal Segment, operating income decreased by ¥1,369 million (20.3%) year-over-year, falling to ¥5,363 million.

Operating income results by segment showed the Domestic Logistics Segment at ¥3,142 million (¥340 million, 9.8% decrease), the Domestic Port Terminal Segment at ¥531 million (¥448 million, 45.7% decrease), and the Global Network Segment with operating losses of ¥95 million (¥54 million increase). The International Transportation Segment recorded operating income of ¥1,737 million (¥1,241 million, 250.2% increase), with the Logistics Systems Segment at ¥692 million (¥800 million increase), the BPO Segment at ¥239 million (¥291 million increase), and the Real Estate Segment at ¥7,080 million (¥194 million, 2.7% decrease).

Other Income (Expenses)

Other income (expenses) increased by ¥3,288 million year-over-year, amounting to ¥831 million. This increase was mainly due to the sale of fixed assets for the purpose of improving asset efficiency.

Net Income

The Group recorded income before income taxes and minority interests of ¥6,194 million, increased by ¥1,919 million (44.9%) year-over-year.

Net income rose by ¥1,015 (47.2%) year-over-year, reaching ¥3,166 million. Net income per share was ¥25.49, increased of ¥8.17 compared to ¥17.32 in the previous fiscal year.

Financial Position

Assets and Equity

Total assets at the end of the fiscal year amounted to ¥232,873 million, representing ¥35,535 million year-over-year increase. This increase was mainly owing to the acquisition of shares of SANYO Electric Logistics Co., Ltd. (presently Mitsui-Soko Logistics Co., Ltd.) and TAS Express Co., Ltd. (presently Mitsui-Soko Express Co., Ltd., after the merger with Mitsui-Soko Air Cargo Inc.), and the purchase of the Onarimon headquarter building that the Group used to lease. Equity increased by ¥6,844 million compared to the prior fiscal year, reaching ¥57,697 million.

Cash Flows

Cash flow from operating activities amounted to ¥7,142 million of inflow, a decrease of ¥2,540 million compared to the previous fiscal year. This decrease was mainly due to an increase in income taxes-paid and in interim payment of consumption tax in association with a prior-year sale of a fixed asset.

Cash flow from investing activities amounted to ¥35,745 million of outflow, ¥51,134 million increase of the net outflow compared to the previous fiscal year. This result was mainly due to purchases of shares of SANYO Electric Logistics Co., Ltd. (presently Mitsui-Soko Logistics Co., Ltd.) and TAS Express Co., Ltd. (presently Mitsui-Soko Express Co., Ltd.).

Cash flow from financing activities amounted to ¥3,139 million of inflow, which was a net decrease of ¥6,467 million compared to the previous fiscal year. This resulted mainly from repayments of short-term loans that were practiced in the previous year, offsetting the inflow from the issuance of corporate bonds.

Consolidated Balance Sheet

MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2013**	2012	**2013**
CURRENT ASSETS:			
Cash and cash equivalents (Note 16)	**¥ 29,578**	¥ 51,935	**$ 314,490**
Time deposits other than cash equivalents (Note 16)	**557**	329	**5,925**
Marketable securities (Notes 4, 7 and 16)	**20**	15	**215**
Receivables (Note 16):			
Trade notes and accounts	**22,217**	15,110	**236,224**
Unconsolidated subsidiaries and associated companies	**66**	64	**700**
Other	**2,088**	1,109	**22,203**
Deferred tax assets (Note 14)	**1,821**	799	**19,361**
Other current assets	**4,820**	2,421	**51,246**
Allowance for doubtful accounts	**(97)**	(48)	**(1,028)**
Total current assets	**61,070**	71,734	**649,336**
PROPERTY, PLANT AND EQUIPMENT (Notes 5, 6 and 7):			
Land	**47,616**	43,063	**506,281**
Buildings and structures	**155,707**	138,355	**1,655,576**
Machinery and equipment	**16,719**	15,581	**177,770**
Other	**10,684**	8,873	**113,599**
Construction in progress	**920**	880	**9,780**
Total	**231,646**	206,752	**2,463,006**
Accumulated depreciation	**(113,157)**	(106,760)	**(1,203,156)**
Net property, plant and equipment	**118,489**	99,992	**1,259,850**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 16)	**12,475**	9,919	**132,644**
Investments in unconsolidated subsidiaries and associated companies (Note 16)	**2,579**	1,004	**27,426**
Long-term loans	**341**	491	**3,623**
Goodwill	**24,656**	2,637	**262,153**
Intangible assets	**6,551**	5,435	**69,651**
Prepaid pension cost (Note 9)	**1,506**	1,288	**16,008**
Deferred tax assets (Note 14)	**1,174**	1,359	**12,478**
Other assets	**4,239**	3,524	**45,077**
Allowance for doubtful accounts	**(207)**	(45)	**(2,196)**
Total investments and other assets	**53,314**	25,612	**566,864**
TOTAL	**¥ 232,873**	¥ 197,338	**$ 2,476,050**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Payables (Note 16):			
Trade notes and accounts	¥ 13,495	¥ 7,296	$ 143,483
Unconsolidated subsidiaries and associated companies	168	239	1,783
Other	4,794	1,422	50,977
Short-term borrowings (Notes 7 and 16)	5,804	12,999	61,712
Current portion of long-term debt (Notes 7 and 16)	23,847	16,129	253,560
Deposits received	6,002	4,882	63,820
Income taxes payable	507	904	5,394
Accrued expenses	3,060	2,413	32,530
Other current liabilities	1,859	1,305	19,770
Total current liabilities	59,536	47,589	633,029
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 16)	102,498	90,229	1,089,819
Liability for retirement benefits (Note 9)	3,828	2,288	40,706
Deferred tax liabilities (Note 14)	4,263	1,578	45,329
Other long-term liabilities	5,051	4,801	53,702
Total long-term liabilities	115,640	98,896	1,229,556
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 8, 15 and 17)			
EQUITY (Notes 10 and 19):			
Common stock—authorized, 400,000,000 shares; issued, 124,415,013 shares in 2013 and 2012	11,101	11,101	118,030
Capital surplus	5,563	5,563	59,150
Retained earnings	35,961	34,003	382,364
Treasury stock—at cost, 223,591 shares in 2013 and 222,698 shares in 2012	(99)	(99)	(1,058)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	3,555	2,101	37,795
Deferred gain on derivatives under hedge accounting	4		46
Foreign currency translation adjustments	(1,318)	(2,533)	(14,011)
Total	54,767	50,136	582,316
Minority interests	2,930	717	31,149
Total equity	57,697	50,853	613,465
TOTAL	¥ 232,873	¥ 197,338	$ 2,476,050

Consolidated Statement of Income

MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2013

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
NET SALES	¥ 148,242	¥ 107,345	$ 1,576,200
COST OF SALES	128,862	92,324	1,370,139
Gross profit	19,380	15,021	206,061
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14,017	8,289	149,038
Operating income	5,363	6,732	57,023
OTHER INCOME (EXPENSES):			
Interest and dividend income	367	260	3,901
Interest expense	(1,461)	(1,462)	(15,533)
Foreign exchange gain—net	185	17	1,971
Head office relocation expense		(405)	
Loss on write-down of securities (Note 4)	(0)	(129)	(2)
Gain on change in equity	530		5,638
Loss on disposals of property, plant and equipment	(270)	(67)	(2,876)
Gain (loss) on sales of property, plant and equipment—net	6,284	(166)	66,818
Impairment loss	(3,772)		(40,111)
Losses from a natural disaster (Note 12)		(116)	
Other—net (Note 13)	(1,032)	(389)	(10,969)
Other income (expenses)—net	831	(2,457)	8,837
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	6,194	4,275	65,860
INCOME TAXES (Note 14):			
Current	1,057	1,277	11,233
Deferred	1,827	806	19,430
Total income taxes	2,884	2,083	30,663
NET INCOME BEFORE MINORITY INTERESTS	3,310	2,192	35,197
MINORITY INTERESTS IN NET INCOME	144	41	1,533
NET INCOME	¥ 3,166	¥ 2,151	$ 33,664

	Yen 2013	Yen 2012	U.S. Dollars (Note 1) 2013
PER SHARE OF COMMON STOCK (Notes 2.q and 19):			
Basic net income	¥ 25.49	¥ 17.32	$ 0.27
Cash dividends applicable to the year	9.00	9.00	0.10

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2013

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
NET INCOME BEFORE MINORITY INTERESTS	¥ 3,310	¥ 2,192	$ 35,197
OTHER COMPREHENSIVE INCOME (Note 18):			
Unrealized gain on available-for-sale securities	1,437	99	15,276
Deferred gain on derivatives under hedge accounting	4		45
Foreign currency translation adjustments	1,162	(266)	12,360
Share of other comprehensive income in associates	117	(17)	1,239
Total other comprehensive income	2,720	(184)	28,920
COMPREHENSIVE INCOME (Note 18)	¥ 6,030	¥ 2,008	$ 64,117
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 18):			
Owners of the parent	¥ 5,838	¥ 1,999	$ 62,077
Minority interests	192	9	2,040

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2013

			Millions of Yen									
							Accumulated Other Comprehensive Income (Loss)					
	Number of Common Stock	Number of Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred gain on derivatives under hedge accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	124,415,013	(221,654)	¥ 11,101	¥ 5,563	¥ 32,969	¥ (99)	¥ 2,002	¥	¥ (2,280)	¥ 49,256	¥ 711	¥ 49,967
Net income					2,151					2,151		2,151
Cash dividends, ¥9.0 per share					(1,117)					(1,117)		(1,117)
Repurchase of treasury stock		(1,044)				(0)				(0)		(0)
Net change in the year							99		(253)	(154)	6	(148)
BALANCE, MARCH 31, 2012	124,415,013	(222,698)	11,101	5,563	34,003	(99)	2,101		(2,533)	50,136	717	50,853
Net income					3,166					3,166		3,166
Cash dividends, ¥9.0 per share					(1,118)					(1,118)		(1,118)
Repurchase of treasury stock		(893)				(0)				(0)		(0)
Change of scope of equity method					(90)					(90)		(90)
Net change in the year							1,454	4	1,215	2,673	2,213	4,886
BALANCE, MARCH 31, 2013	124,415,013	(223,591)	¥ 11,101	¥ 5,563	¥ 35,961	¥ (99)	¥ 3,555	¥ 4	¥ (1,318)	¥ 54,767	¥ 2,930	¥ 57,697

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income (Loss)					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred gain on derivatives under hedge accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$ 118,030	$ 59,150	$ 361,538	$ (1,054)	$ 22,344	$	$ (26,927)	$ 533,081	$ 7,618	$ 540,699
Net income			33,664					33,664		33,664
Cash dividends, $0.10 per share			(11,884)					(11,884)		(11,884)
Repurchase of treasury stock				(4)				(4)		(4)
Change of scope of equity method			(954)					(954)		(954)
Net change in the year					15,451	46	12,916	28,413	23,531	51,944
BALANCE, MARCH 31, 2013	$ 118,030	$ 59,150	$ 382,364	$ (1,058)	$ 37,795	$ 46	$ (14,011)	$ 582,316	$ 31,149	$ 613,465

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 6,194	¥ 4,275	$ 65,860
Adjustments for:			
Income taxes—paid	(1,832)	(1,549)	(19,484)
Depreciation and amortization	6,862	6,884	72,965
Amortization of goodwill	1,656	295	17,607
(Gain) loss on sales of property, plant and equipment—net	(6,240)	134	(66,352)
Impairment loss	3,772		40,111
Loss on disposals of property, plant and equipment	123	123	1,311
Loss on write-down of securities	0	129	2
Changes in assets and liabilities:			
Decrease in allowance for doubtful accounts	(12)	(38)	(129)
(Decrease) increase in liability for retirement benefits	(781)	1	(8,305)
Decrease (increase) in notes and accounts receivable—trade	1,971	(482)	20,961
Decrease in notes and accounts payable—trade	(2,086)	(5)	(22,188)
Other—net	(2,485)	(85)	(26,422)
Total adjustments	948	5,407	10,077
Net cash provided by operating activities	7,142	9,682	75,937
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(21,903)	(4,914)	(232,883)
Proceeds from sales of property, plant and equipment	13,219	21,353	140,556
Purchases of intangible assets	(1,441)	(893)	(15,327)
Purchases of investment securities	(110)	(46)	(1,173)
Payments for investment in affiliates	(1,347)		(14,327)
Proceeds from collection of loans	320	124	3,403
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(24,892)		(264,670)
Other—net	409	(235)	4,353
Net cash (used in) provided by investing activities	(35,745)	15,389	(380,068)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term borrowings—net	(14,350)	12,054	(152,577)
Proceeds from long-term debt	35,540	21,500	377,884
Repayments of long-term debt	(16,313)	(22,681)	(173,452)
Dividends paid	(1,118)	(1,117)	(11,884)
Repurchase of treasury stock	(0)	(0)	(4)
Other—net	(620)	(150)	(6,589)
Net cash provided by financing activities	3,139	9,606	33,378
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	712	(104)	7,576
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,752)	34,573	(263,177)
INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARY	2,395		25,464
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	51,935	17,362	552,203
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 29,578	¥ 51,935	$ 314,490

See notes to consolidated financial statements.

ADDITIONAL INFORMATION:

1. Mitsui-Soko Logistics Co., Ltd. was included in the scope of consolidation for the year ended March 31, 2013, through the acquisition of shares. The acquisition cost and payments for the acquisition were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2013	2013
Current assets	¥ 11,175	$ 118,823
Investments and other assets	19,082	202,889
Current liabilities	(15,730)	(167,257)
Long-term liabilities	(2,754)	(29,282)
Net assets acquired	11,773	125,173
Goodwill	12,035	127,963
Cash acquired	(4,060)	(43,158)
Cash acquired in the previous year	(86)	(914)
Net of cash acquired	¥ 19,662	$ 209,064

2. Mitsui-Soko Express Co., Ltd. was included in the scope of consolidation for the year ended March 31, 2013, through the absorption-type merger. The acquisition cost and payments for the merger were as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2013	2013
Current assets	¥ 2,750	$ 29,235
Investments and other assets	3,239	34,437
Current liabilities	(1,263)	(13,426)
Long-term liabilities	(896)	(9,532)
Minority interest	(1,373)	(14,596)
Net assets acquired	2,457	26,118
Goodwill	4,993	53,092
Cost of acquisition paid by shares	(2,145)	(22,804)
Cash acquired	(1,127)	(11,978)
Cash acquired in the previous year	(40)	(428)
Net of cash acquired	¥ 4,138	$ 44,000

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MITSUI-SOKO Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2013

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MITSUI-SOKO Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94.05 to $1, the approximate rate of exchange at March 31, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*—The consolidated financial statements as of March 31, 2013, include the accounts of the Company and its 59 (49 in 2012) significant subsidiaries (together, the "Group").

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

Investments in 10 (6 in 2012) associated companies are accounted for by the equity method.

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

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 20 years.

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

b. *Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18, prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of research and development (R&D); (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if included in net income.

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

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

The Company acquired 100% of the shares of SANYO Electric

Logistics Co., Ltd. on April 2, 2012, and renamed it as Mitsui-Soko Logistics Co., Ltd. The Company acquired 45.5% of the shares of TAS Express Co., Ltd. ("TAS Express"), on June 25, 2012, and TAS Express was absorbed into Mitsui-Soko Air Cargo Inc. ("MSA"), which is a 100% subsidiary of the Company, on July 1, 2012, to become Mitsui-Soko Express Co., Ltd. ("MSE"). The Company now holds 64.15% of the shares of Mitsui-Soko Express Co., Ltd.

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

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

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

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

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

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

i. *Intangible Assets*—Intangible assets are carried at cost, less accumulated amortization, which is calculated using the straight-line method principally over 5 years for software. The useful lives for leased assets are the terms of the respective leases.

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

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

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

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

m. *Leases*—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

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

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

All other leases are accounted for as operating leases.

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

o. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

p. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

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

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

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

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

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

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

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

s. New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, “Accounting Standard for Retirement Benefits” and ASBJ Guidance No. 25, “Guidance on Accounting Standard for Retirement Benefits,” which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet
Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, “deficit or surplus”), adjusted by such unrecognized amounts, is recognized as a liability or asset.

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

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

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standards from the end of the annual period beginning on April 1, 2013, and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. BUSINESS COMBINATION

Business combination through the acquisition

(1) Acquisition of SANYO Electronic Logistics Co., Ltd.

a. Details of combination

1. Name of acquired company and its business
   SANYO Electronic Logistics Co., Ltd.
   Cargo forwarding business, overland cargo transport business, forwarding agency business and warehousing business
2. Overview of the objectives
   In 2010, the Company initiated a medium-term management plan called the "New Growth Strategy @2010" aimed at expanding earnings. Based on this plan, the Company develops businesses with the potential for future growth, such as third-party logistics (3PL), and introduces attractive services to expand its customer base by way of a fundamental shift away from conventional methods in its existing domestic logistics. SANYO Electric Logistics Co., Ltd., as a leading 3PL provider mainly in the consumer product field and with its information technology systems connecting to customer needs and logistics networks across Japan will significantly contribute towards establishing the logistics platform that the Company intends. Also, SANYO Electric Logistics Co., Ltd. will contribute to the Company's growth by expanding the services and customer base, especially in areas such as the consumer logistics which SANYO Electric Logistics Co., Ltd. provides for end users of the consumer electronics and electronic products that it handles.
3. Date of business combination
   April 2, 2012
4. Legal form of the business combination
   Acquisition of the whole shares
5. Name of the acquired company after reorganization
   Mitsui-Soko Logistics Co., Ltd.
6. Acquired voting right ratios
   Voting right ratio immediately before acquisition: 0%
   Additional voting right ratio secured upon acquisition date: 100%
   Total voting right ratio following acquisition: 100%
7. Main basis behind the determination of the acquiring company
   The Company acquired the shares and share warrant of SANYO Electronic Logistics Co., Ltd. by cash.

b. Term of performance of the acquired company included in the consolidated financial statements
   The term is from April 1, 2012 through March 31, 2013, as April 1, 2012, is regarded as the acquisition date.

c. Cost of acquisition and form of consideration
   The acquisition cost was ¥23,808 million ($253,136 thousand) and the consideration was cash.

d. Goodwill, reason of recognition, amortization method and period
1. Goodwill: ¥12,035 million ($127,963 thousand)
2. Reason of recognition: Excess earnings power is expected of the acquired company through the development of the logistics systems business
3. Amortization method and period: Straight-line method for 18 years

e. Assets and liabilities assumed on the date of business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 11,175	$ 118,823
Investment and other assets	¥ 19,082	$ 202,889
(Goodwill	¥ 6,722	$ 71,477)
Total assets	¥ 30,257	$ 321,712
Current liabilities	¥ 15,730	$ 167,257
Long-term liabilities	¥ 2,754	$ 29,282
Total liabilities	¥ 18,484	$ 196,539

(2) Absorption-type merger of TAS Express

a. Details of combination

1. Name of acquired company and its business
   TAS Express
   International transportation business
2. Overview of the objectives
   The Company promotes developing businesses with the potential for future growth, such as international transportation business (air forwarding and Non-Vessel Operating Common Carrier) aiming at expanding earnings. At such time, the Company has discussed the business merger of TAS Express, which conducts international transportation business. It also carefully analyzed and furthered the investigation of management's plan of TAS Express and its related companies ("TAS group"), and of the synergy effect in the case of having TAS group in the Group. As a result, the Company decided that merging TAS with MSA, which is a 100% subsidiary of the Company, after acquiring some parts of the shares, and decided that having TAS group which has strengths in automobile parts transportation in the Group will contribute greatly to not only business performance but also to further expansion and reinforcement of the Group's international transportation business through the synergy effect of integration of the air-forwarding business of the Group and TAS Group.
3. Date of business combination
   July 1, 2012

4. Legal form of the business combination
   Absorption-type merger of TAS Express (merging company) remaining MSA as a surviving company
5. Name of the acquired company after reorganization
   Mitsui-Soko Express Co., Ltd.
6. Acquired voting right ratios
   Voting right ratio immediately before acquisition: 45.5%
   Additional voting right ratio secured upon acquisition date: 18.65%
   Total voting right ratio following acquisition: 64.15%
7. Main basis behind the determination of the acquiring company
   MSA, which was controlled by the Company, which is the controlling shareholder of the newly combined company, before the business combination, became the acquiring company.

b. Term of performance of the acquired company included in the consolidated financial statements
   From July 1, 2012 to March 31, 2013

c. Cost of acquisition and form of consideration

	Millions of yen	Thousands of U.S. dollars
Fair value of the shares of TAS Express before acquisition	¥ 5,233	$ 55,635
Fair value of the shares of TAS Express at acquisition date	¥ 2,145	$ 22,804
Direct cost	¥ 72	$ 771
Acquisition cost	¥ 7,450	$ 79,210

d. Goodwill, reason of recognition, amortization method and period
1. Goodwill: ¥4,993 million ($53,092 thousand)
2. Reason of recognition: Excess earning power is expected of the acquired company through the development of the international transportation business
3. Amortization method and period: Straight-line method for 10 years

e. Merger ratio, calculation method, and number of new shares to be issued
1. Merger ratio:

Company Name	MSA (surviving company)	TAS Express (absorbed company)
Merger Ratio	60	115

2. Calculation method of merger ratio:
   For the sake of fairness in calculating the merger ratio, MSA and TAS Express appointed a third party for valuations. Both companies made the final determination of the validity of the merger ratio based on the careful exchange of views between the two companies, taking into account the financial and asset situation of the two companies and other factors in a comprehensive manner.
3. Number of new shares to be used:
   Shares of common stock: 209 shares

f. Gain on change in equity: ¥530 million ($5,638 thousand)

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Current—Government and corporate bonds	**¥ 20**	¥ 15	**$ 215**
Noncurrent:			
Equity securities	**¥ 12,475**	¥ 9,899	**$ 132,644**
Government and corporate bonds		20	
Total	**¥ 12,475**	¥ 9,919	**$ 132,644**

The costs and aggregate fair values of marketable and investment securities at March 31, 2013 and 2012, were as follows:

	Millions of Yen			
	Cost	*Unrealized Gains*	*Unrealized Losses*	*Fair Value*
March 31, 2013				
Securities classified as available-for-sale:				
Equity securities	**¥ 5,016**	**¥ 5,702**	**¥ (180)**	**¥ 10,538**
Debt securities	**20**	**0**		**20**
March 31, 2012				
Securities classified as available-for-sale:				
Equity securities	¥ 4,563	¥ 3,463	¥ (179)	¥ 7,847
Debt securities	35	1		36

	Thousands of U.S. Dollars			
	Cost	*Unrealized Gains*	*Unrealized Losses*	*Fair Value*
March 31, 2013				
Securities classified as available-for-sale:				
Equity securities	**$ 53,336**	**$ 60,631**	**$ (1,920)**	**$ 112,047**
Debt securities	**212**	**3**		**215**

The information for sale of available-for-sale securities which were sold during the year ended March 31, 2013, was as follows:

	Millions of Yen			*Thousands of U.S. Dollars*		
	Proceeds	*Realized Gains*	*Realized Losses*	*Proceeds*	*Realized Gains*	*Realized Losses*
March 31, 2013						
Securities classified as available-for-sale:						
Equity securities	**¥ 165**	**¥ 45**	**¥ (188)**	**$ 1,758**	**$ 483**	**$ (2,001)**

The impairment loss on write-down of available-for-sale equity securities for the years ended March 31, 2013 and 2012, were ¥0 million ($2 thousand) and ¥129 million, respectively.

5. INVESTMENT PROPERTY

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

The Group owns some rental properties such as office buildings and land in Tokyo and other areas. The net of rental income and operating expenses for those rental properties was ¥7,258 million ($77,168 thousand) for the fiscal year ended March 31, 2013.

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

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2012	Increase/Decrease	**March 31, 2013**	**March 31, 2013**
¥ 37,964	¥ 360	**¥ 38,324**	**¥ 148,373**

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2011	Increase/Decrease	March 31, 2012	March 31, 2012
¥ 55,323	¥ (17,359)	¥ 37,964	¥ 145,869

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2012	Increase/Decrease	**March 31, 2013**	**March 31, 2013**
$ 403,657	$ 3,824	**$ 407,481**	**$ 1,577,599**

Notes: 1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation, if any.
2. Increase during the fiscal year ended March 31, 2013, primarily represents the acquisition of new investment property and increase of rentable area and decrease primarily represents the sales of investment properties.
3. Fair value of properties as of March 31, 2013, is measured by the Company in accordance with its Income Approach.

6. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2013 and 2012. As a result, impairment loss of ¥3,772 million ($40,111 thousand) was recognized for 2013. The main components of the impairment loss on long-lived assets for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Land	**¥ 3,733**	¥	**$ 39,699**
Buildings and structures	**39**		**412**
Total	**¥ 3,772**	¥	**$ 40,111**

The recoverable amount of assets was measured at their net selling price determined by quotations from third parties.

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2013 and 2012, mainly consisted of notes to banks. The annual interest rates applicable to the short-term borrowings ranged from 0.37% to 0.79% and from 0.57% to 7.35% at March 31, 2013 and 2012, respectively.

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
1.45% unsecured bonds due 2014	**¥ 6,000**	¥ 6,000	**$ 63,796**
1.66% unsecured bonds due 2016	**4,000**	4,000	**42,531**
1.35% unsecured bonds due 2015	**6,000**	6,000	**63,796**
1.27% unsecured bonds due 2018	**7,000**	7,000	**74,429**
0.91% unsecured bonds due 2016	**3,000**	3,000	**31,898**
0.82% unsecured bonds due 2017	**10,000**	10,000	**106,326**
0.67% unsecured bonds due 2019	**10,000**		**106,326**
0.78% unsecured bonds due 2021	**10,000**		**106,326**
Subtotal	**¥ 56,000**	¥ 36,000	**$ 595,428**
Loans from banks and other financial institutions, due serially to 2023 with interest rates ranging from 0.405% to 3.3% in 2013 and from 0.49% to 4.50% in 2012			
Collateralized	**137**	1,892	**1,457**
Unsecured	**70,208**	68,466	**746,494**
Total	**126,345**	106,358	**1,343,379**
Less current portion	**(23,847)**	(16,129)	**(253,560)**
Long-term debt, less current portion	**¥ 102,498**	¥ 90,229	**$ 1,089,819**

Annual maturities of long-term debt at March 31, 2013, were as follows:

Years Ending March 31	*Millions of Yen*	*Thousands of U.S. Dollars*
2014	**¥ 23,847**	**$ 253,560**
2015	**20,961**	**222,874**
2016	**20,253**	**215,341**
2017	**21,193**	**225,333**
2018	**13,394**	**142,414**
2019 and thereafter	**26,697**	**283,857**
Total	**¥ 126,345**	**$ 1,343,379**

Assets of ¥575 million ($6,114 thousand) pledged as collateral for debt as of March 31, 2013, were as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
Buildings and structures—net of accumulated depreciation	**¥ 303**	**$ 3,217**
Land	**272**	**2,897**
Total	**¥ 575**	**$ 6,114**

The amount of marketable securities pledged as collateral for sales of beneficiary right of trust as of March 31, 2013, was ¥20 million ($215 thousand).

8. OVERDRAFTS AND LOAN COMMITMENTS

The Company has concluded overdraft agreements with 3 banks and loan commitment contracts with 6 banks for efficient procurement of working capital. The portion of the credit line that had not been exercised under these agreements and contracts as of March 31, 2013 and 2012, was as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Total overdraft limits	**¥ 4,000**	¥ 12,500	**$ 42,531**
Loan executions		12,000	
	¥ 4,000	¥ 500	**$ 42,531**

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Total loan commitment limits	**¥ 8,000**	¥ 8,000	**$ 85,061**
Loan executions			
	¥ 8,000	¥ 8,000	**$ 85,061**

9. RETIREMENT AND PENSION PLANS

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

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

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Projected benefit obligation	**¥ 8,573**	¥ 7,213	**$ 91,153**
Fair value of plan assets	**(6,317)**	(5,434)	**(67,161)**
Unrecognized prior service benefits	**99**	363	**1,053**
Unrecognized actuarial gain	**(33)**	(1,142)	**(347)**
Net obligations	**2,322**	1,000	**24,698**
Prepaid pension cost	**1,506**	1,288	**16,008**
Liability for employees' retirement benefits	**¥ 3,828**	¥ 2,288	**$ 40,706**

The components of net periodic retirement benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Service cost	**¥ 673**	¥ 470	**$ 7,163**
Interest cost	**158**	102	**1,678**
Expected return on plan assets	**(86)**	(32)	**(910)**
Recognized actuarial gain	**(5)**	(13)	**(56)**
Amortization of prior service benefits	**(61)**	(61)	**(652)**
Other	**86**	74	**911**
Net periodic retirement benefit costs	**¥ 765**	¥ 540	**$ 8,134**

"Other" includes contributions for defined contribution pension plan.

Assumptions used for the years ended March 31, 2013 and 2012, were set forth as follows:

	2013	*2012*
Discount rate	**1.6-2.0%**	2.0%
Expected rate of return on plan assets	**2.0-3.2%**	2.0%
Recognition period of actuarial gain/loss	**13-15 years**	13-15 years
Amortization period of prior service benefits	**13-15 years**	13 years

10. EQUITY

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

(a) Dividends

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

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

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

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

(c) Treasury Stock and Treasury Stock Acquisition Rights

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

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

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

11. AMORTIZATION OF GOODWILL

Amortization of goodwill included in selling, general and administrative expenses were ¥1,656 million ($17,607 thousand) and ¥295 million for the years ended March 31, 2013 and 2012, respectively.

12. LOSSES FROM A NATURAL DISASTER

Losses from a natural disaster for the year ended March 31, 2012, consisted of the following:

	Millions of Yen
	2012
Maintenance and repairs	¥ 116
Total	¥ 116

13. OTHER INCOME (EXPENSES)

Other expenses—net for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Loss on disposals of software	**¥ (64)**	¥ (13)	**$ (680)**
Equity in earnings of associated companies	**82**	32	**877**
Taxes and dues	**(283)**	(180)	**(3,005)**
Compensation income	**200**	73	**2,127**
Commission fee	**(467)**	(118)	**(4,966)**
Other	**(500)**	(183)	**(5,322)**
Other expenses—net	**¥ (1,032)**	¥ (389)	**$ (10,969)**

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 38.0% for the year ended March 31, 2013 and 40.7% for the year ended March 31, 2012.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Deferred tax assets:			
Liability for employees' retirement benefits	**¥ 2,835**	¥ 2,317	**$ 30,142**
Accrued bonuses	**667**	576	**7,096**
Property, plant and equipment	**1,170**	463	**12,437**
Tax loss carryforwards	**1,828**	1,091	**19,432**
Golf club memberships	**64**	69	**685**
Loss on write-down of securities	**94**	103	**1,003**
Goodwill	**622**	839	**6,614**
Other	**1,238**	983	**13,164**
Less valuation allowance	**(1,829)**	(1,378)	**(19,447)**
Total	**6,689**	5,063	**71,126**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(1,938)**	(1,170)	**(20,607)**
Gain on contribution of securities to the employee retirement benefit trust	**(1,622)**	(1,546)	**(17,247)**
Property, plant and equipment	**(2,955)**	(1,182)	**(31,422)**
Other	**(1,442)**	(588)	**(15,340)**
Total	**(7,957)**	(4,486)	**(84,616)**
Net deferred tax (liabilities) assets	**¥ (1,268)**	¥ 577	**$ (13,490)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012, were as follows:

	2013	2012
Normal effective statutory tax rate	**38.0%**	40.7%
Expenses not deductible for income tax purposes	**1.3**	1.4
Income not taxable for income tax purposes	**(5.7)**	(7.1)
Per capita portion of inhabitant tax	**1.1**	1.4
Effect of elimination of dividend income from subsidiaries for consolidation purpose	**6.1**	7.5
Lower income tax rates applicable to income in certain foreign countries	**(3.9)**	(3.5)
Valuation allowance	**0.5**	2.2
Effect of consolidation adjustments	**7.9**	2.8
Adjustment on deferred tax assets due to change in income tax rate	**(1.7)**	3.3
Amortization of goodwill	**2.3**	
Other—net	**0.7**	0.0
Actual effective tax rate	**46.6%**	48.7%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from 40.7% to 38.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards.

At March 31, 2013, certain subsidiaries have tax loss carryforwards aggregating approximately ¥3,480 million ($37,003 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 41	$ 434
2015	145	1,542
2016	92	985
2017	140	1,484
2018	143	1,520
2019 and thereafter	2,919	31,038
Total	¥ 3,480	$ 37,003

15. LEASES

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

Total rental expenses for the years ended March 31, 2013 and 2012, were ¥11,749 million ($124,922 thousand) and ¥6,836 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessee at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Due within one year	**¥ 1,426**	¥ 1,925	**$ 15,160**
Due after one year	**5,784**	8,522	**61,500**
Total	**¥ 7,210**	¥ 10,447	**$ 76,660**

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

Total lease revenues for the years ended March 31, 2013 and 2012, were ¥11,295 million ($120,101 thousand) and ¥11,884 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessor at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Due within one year	**¥ 5,769**	¥ 7,167	**$ 61,343**
Due after one year	**3,965**	6,614	**42,152**
Total	**¥ 9,734**	¥ 13,781	**$ 103,495**

16. FINANCIAL INSTRUMENTS

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

(2) Nature and Extent of Risks Arising from Financial Instruments
Trade receivables, such as trade notes and trade accounts, are exposed to customer credit risk. The Group manages its credit risk from receivables by monitoring the payment terms and balances of each customer to reduce default risk.

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

Payment terms of trade payables, such as trade notes and trade accounts, are less than one year.

Short-term borrowings are used to fund the Group's ongoing operations and long-term debt is used to fund its capital financing plan. The Group does not have any loans with market risk from changes in interest rates.

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by reviewing its financial planning every month.

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

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2013	*Carrying Amount*	*Fair Value*	*Unrealized Gain/Loss*
Cash and cash equivalents	**¥ 29,578**	**¥ 29,578**	**¥**
Time deposits other than cash equivalents	**557**	**557**	
Trade receivables	**22,283**	**22,283**	
Marketable and investment securities	**10,558**	**10,558**	
Total	**¥ 62,976**	**¥ 62,976**	**¥**
Trade payables	**¥ 13,660**	**¥ 13,660**	**¥**
Short-term debt	**5,804**	**5,804**	
Long-term debt	**126,345**	**128,123**	**1,778**
Total	**¥ 145,809**	**¥ 147,587**	**¥ 1,778**

	Millions of Yen		
March 31, 2012	*Carrying Amount*	*Fair Value*	*Unrealized Gain/Loss*
Cash and cash equivalents	¥ 51,935	¥ 51,935	¥
Time deposits other than cash equivalents	329	329	
Trade receivables	15,174	15,174	
Marketable and investment securities	7,883	7,883	
Total	¥ 75,321	¥ 75,321	¥
Trade payables	¥ 7,532	¥ 7,532	¥
Short-term debt	12,999	12,999	
Long-term debt	106,358	107,922	1,564
Total	¥ 126,889	¥ 128,453	¥ 1,564

	Thousands of U.S. Dollars		
March 31, 2013	*Carrying Amount*	*Fair Value*	*Unrealized Gain/Loss*
Cash and cash equivalents	**$ 314,490**	**$ 314,490**	**$**
Time deposits other than cash equivalents	**5,925**	**5,925**	
Trade receivables	**236,924**	**236,924**	
Marketable and investment securities	**112,262**	**112,262**	
Total	**$ 669,601**	**$ 669,601**	**$**
Trade payables	**$ 145,238**	**$ 145,238**	**$**
Short-term debt	**61,712**	**61,712**	
Long-term debt	**1,343,379**	**1,362,285**	**18,906**
Total	**$ 1,550,329**	**$ 1,569,235**	**$ 18,906**

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

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

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

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

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

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

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 3,022**	¥ 3,055	**$ 32,130**

(4) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2013	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**¥ 29,578**	**¥**	**¥**	**¥**
Time deposits other than cash equivalents	**557**			
Trade receivables	**22,283**			
Investment securities:				
Available-for-sale securities with contractual maturities	**20**			
Total	**¥ 52,438**	**¥**	**¥**	**¥**

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥ 51,935	¥	¥	¥
Time deposits other than cash equivalents	329			
Trade receivables	15,174			
Investment securities:				
Available-for-sale securities with contractual maturities	15	20		
Total	¥ 67,453	¥ 20	¥	¥

	Thousands of U.S. Dollars			
March 31, 2013	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**$ 314,490**	**$**	**$**	**$**
Time deposits other than cash equivalents	**5,925**			
Trade receivables	**236,924**			
Investment securities:				
Available-for-sale securities with contractual maturities	**215**			
Total	**$ 557,554**	**$**	**$**	**$**

Please see Note 7 for annual maturities of long-term loans and long-term bonds, respectively.

17. CONTINGENT LIABILITIES

At March 31, 2013, the Group had the following contingent liabilities:

	Millions of Yen	*Thousands of U.S. Dollars*
Guarantees of loans	**¥ 1,645**	**$ 17,494**
Trade notes endorsed	**34**	**366**

18. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2013	*2012*	***2013***
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	**¥ 2,242**	¥ (242)	**$ 23,835**
Reclassification adjustments to loss	**(4)**	129	**(46)**
Amount before income tax effect	**2,238**	(113)	**23,789**
Income tax effective	**(801)**	212	**(8,513)**
Total	**1,437**	99	**15,276**
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	**4**		**45**
Foreign currency translation adjustments:			
Gains arising during the year	**1,162**	(266)	**12,360**
Share of other comprehensive income in associates:			
Gains arising during the year	**117**	(17)	**1,239**
Total other comprehensive income	**¥ 2,720**	¥ (184)	**$ 28,920**

19. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2013 and 2012, was as follows:

	Millions of Yen	*Thousands of Shares*	*Yen*	*U.S. Dollars*
Year Ended March 31, 2013	*Net Income*	*Weighted-average Shares*	*EPS*	
Basic EPS:				
Net income	**¥ 3,166**			
Net income available to common shareholders	**¥ 3,166**	**124,191**	**¥ 25.49**	**$ 0.27**

	Millions of Yen	*Thousands of Shares*	*Yen*
Year Ended March 31, 2012	*Net Income*	*Weighted-average Shares*	*EPS*
Basic EPS:			
Net income	¥ 2,151		
Net income available to common shareholders	¥ 2,151	124,192	¥ 17.32

20. SUBSEQUENT EVENTS

For the year ended March 31, 2013

a. Appropriations of Retained Earnings

At the Board of Directors meeting held on May 7, 2013, the following appropriation of retained earnings at March 31, 2013, was approved:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.50 ($0.05) per share	¥ 559	$ 5,942

b. Sale of property

The Company resolved at the Board of Directors meeting held on May 27, 2013, to sell the following property for purposes of disposing assets to strengthen its financial position. Details of the sales are as follows:

1) Purchaser: A domestic industrial company to which the Company is an unrelated third party.

2) Assets sold:
  i. Name: Tamaecho Warehouse
  ii. Lot: 2,223.93 m^2
  iii. Total floor space: 6,451.81 m^2
  iv. Location: Osaka city, Osaka Prefecture

3) Schedule of the sale transaction:
  i. Date of conclusion of sales contract: June 21, 2013
  ii. Date of Title transfer: September 30, 2013 (planned)

4) Book value and sale price:
  i. Book value: ¥81 million ($861 thousand)
  ii. Sale price: ¥2,260 million ($24,030 thousand)

5) Effect on consolidated financial statements
  With the sale of noncurrent assets, the Company expects to record other income of approximately ¥2,100 million ($22,329 thousand) during the year ending March 31, 2014.

21. SEGMENT INFORMATION

For the years ended March 31, 2013 and 2012

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

(1) Description of Reportable Segments

The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of Domestic Logistics, Domestic Port Terminal, Global Network, International Transportation, Logistics Systems, BPO, and Real Estate. Domestic Logistics consists of the services, such as warehousing, transportation, and distribution processing to companies in Japan. Domestic Port Terminal consists of port-related work and operations to shipping companies. Global Network consists of logistics services provided by overseas group companies. International Transportation provides consolidated air/marine cargo transportation and related logistics services. Logistics Systems provides service for supply chain management through third-party logistics. BPO business provides services concerning business process outsourcing. Real Estate consists substantially of leases of real estate.

Effective April 1, 2012, the Group changed its reportable segments from Domestic Logistics, Domestic Port Terminal, Global Network, Air Cargo, Other Logistics, and Real Estate to Domestic Logistics, Domestic Port Terminal, Global Network, International Transportation, Logistics Systems, BPO, and Real Estate.

The combined transport services, which was included in international transportation segment in Other Logistics in the previous year, is combined with Air Cargo to become a new segment, International Transportation. Logistics systems segment and BPO segment, which were also included in Other Logistics in the previous year, were separated from Other Logistics and reorganized as Logistics Systems and BPO, respectively, as the amount of the two became material.

The segment information for the year ended March 31, 2012, is also disclosed using the new reportable segments.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets and Other Items for Each Reportable Segment

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

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

Intersegment sales or transfers are based on market prices.

(3) Information about Sales, Profit (Loss), Assets and Other Items is as follows:

	Millions of Yen										
	2013										
	Reportable segment										
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Others	Total	Eliminations/ Corporate	Consoli-dated
Sales:											
Sales to external customers	¥ 45,085	¥ 14,580	¥ 13,644	¥ 25,048	¥ 32,521	¥ 5,840	¥ 11,216	¥ 308	¥148,242	¥	¥148,242
Intersegment sales or transfers	492		51	333	575	84	181	196	1,912	(1,912)	
Total	45,577	14,580	13,695	25,381	33,096	5,924	11,397	504	150,154	(1,912)	148,242
Segment profit	3,142	531	(95)	1,737	692	239	7,080	(1,711)	11,615	(6,252)	5,363
Segment assets	60,956	4,721	18,226	12,834	21,131	15,781	44,854	16,347	194,850	38,023	232,873
Other:											
Depreciation	2,015	139	280	112	375	763	1,942	880	6,506	356	6,862
Investments in associates accounted for using equity method	305		1,622	516					2,443		2,443
Increase in property, plant and equipment and intangible assets	5,837	218	1,077	78	102	130	17,209	780	25,431	23,730	49,161

Millions of Yen

	2012										
	Reportable segment										
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Others	Total	Eliminations/ Corporate	Consoli- dated
Sales:											
Sales to external customers	¥ 45,632	¥ 14,219	¥ 11,923	¥ 16,834	¥ 1,489	¥ 5,111	¥ 11,884	¥ 253	¥ 107,345	¥	¥ 107,345
Intersegment sales or transfers	124			277		36	193	156	786	(786)	
Total	45,756	14,219	11,923	17,111	1,489	5,147	12,077	409	108,131	(786)	107,345
Segment profit	3,482	979	(149)	496	(108)	(52)	7,274	(980)	10,942	(4,210)	6,732
Segment assets	59,019	4,704	10,001	4,928	828	15,450	37,932	8,375	141,237	56,101	197,338
Other:											
Depreciation	1,869	151	261	59	8	1,034	2,551	783	6,716	168	6,884
Investments in associates accounted for using equity method	664		266						930		930
Increase in property, plant and equipment and intangible assets	3,166	140	229	10	3	738	904	1,351	6,541	391	6,932

Thousands of U.S. Dollars

	2013										
	Reportable segment										
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Others	Total	Eliminations/ Corporate	Consoli- dated
Sales:											
Sales to external customers	**$ 479,370**	**$ 155,027**	**$ 145,079**	**$ 266,321**	**$ 345,783**	**$ 62,095**	**$ 119,256**	**$ 3,269**	**$ 1,576,200**	**$**	**$ 1,576,200**
Intersegment sales or transfers	**5,235**		**537**	**3,541**	**6,118**	**888**	**1,929**	**2,088**	**20,336**	**(20,336)**	
Total	**484,605**	**155,027**	**145,616**	**269,862**	**351,901**	**62,983**	**121,185**	**5,357**	**1,596,536**	**(20,336)**	**1,576,200**
Segment profit	**33,405**	**5,649**	**(1,013)**	**18,465**	**7,363**	**2,543**	**75,283**	**(18,192)**	**123,503**	**(66,480)**	**57,023**
Segment assets	**648,119**	**50,195**	**193,793**	**136,458**	**224,679**	**167,792**	**476,913**	**173,813**	**2,071,762**	**404,288**	**2,476,050**
Other:											
Depreciation	**21,430**	**1,480**	**2,975**	**1,188**	**3,992**	**8,110**	**20,645**	**9,358**	**69,178**	**3,787**	**72,965**
Investments in associates accounted for using equity method	**3,242**		**17,243**	**5,487**					**25,972**		**25,972**
Increase in property, plant and equipment and intangible assets	**62,064**	**2,319**	**11,450**	**827**	**1,083**	**1,382**	**182,975**	**8,292**	**270,392**	**252,317**	**522,709**

Notes: 1. "Others" consists of services, such as financial and accounting, building management, and information systems operated by subsidiaries.
2. "Eliminations/Corporate" consists of the following:
1) Segment loss of ¥6,252 million ($66,480 thousand) in 2013 and ¥4,210 million in 2012, which are included in "Eliminations/Corporate," consists of expenses of ¥4,596 million ($48,873 thousand) and ¥3,915 million incurred by the administrative section of the Company and amortization of goodwill of ¥1,656 million ($17,607 thousand) and ¥295 million.
2) Total assets of ¥38,023 million ($404,288 thousand) in 2013 and ¥56,101 million in 2012, which are included in "Eliminations/Corporate," consist of assets of ¥13,368 million ($142,135 thousand) and ¥53,464 million of the administrative section of the Company and goodwill of ¥24,656 million ($262,153 thousand) and ¥2,637 million.
3) The increase in tangible and intangible fixed assets of ¥23,730 million ($252,317 thousand) in 2013, which is included in Eliminations/Corporate," consists of ¥56 million ($592 thousand) of the administrative section of the Company and amortization of goodwill of ¥23,674 million ($251,725 thousand). The increase in tangible and intangible fixed assets of ¥391 in 2012, which is included in "Eliminations/Corporate," consists of increases of ¥391 million of the administrative section of the Company.
3. Segment profit is adjusted to operating income in the consolidated statements of income.

Notes to Consolidated Financial Statements

(4) Information about Geographical Areas
Sales

Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
2013			2012			**2013**		
Japan	Others	Total	Japan	Others	Total	Japan	Others	Total
¥ 131,405	**¥ 16,837**	**¥ 148,242**	¥ 94,471	¥ 12,874	¥ 107,345	**$ 1,397,182**	**$ 179,018**	**$ 1,576,200**

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

(5) Information about segment loss on impairment of fixed assets

	Millions of Yen							
	2013							
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Total
Impairment losses of assets	**¥**	**¥**	**¥**	**¥**	**¥**	**¥**	**¥ 3,772**	**¥ 3,772**

	Thousands of U.S. Dollars							
	2013							
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Total
Impairment losses of assets	**$**	**$**	**$**	**$**	**$**	**$**	**$ 40,111**	**$ 40,111**

(6) Information about Goodwill by Segment

	Millions of Yen							
	2013							
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Total
Amortization of goodwill	**¥**	**¥**	**¥ 28**	**¥ 591**	**¥ 1,035**	**¥ 2**	**¥**	**¥ 1,656**
Goodwill at March 31, 2013			**720**	**6,121**	**17,722**	**93**		**24,656**

	Millions of Yen							
	2012							
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Total
Amortization of goodwill	¥	¥	¥	¥ 295		¥	¥	¥ 295
Goodwill at March 31, 2012				2,637				2,637

	Thousands of U.S. Dollars							
	2013							
	Domestic Logistics	Domestic Port Terminal	Global Network	International Transportation	Logistics Systems	BPO	Real Estate	Total
Amortization of goodwill	**$**	**$**	**$ 299**	**$ 6,281**	**$ 11,008**	**$ 19**	**$**	**$ 17,607**
Goodwill at March 31, 2013			**7,654**	**65,078**	**188,432**	**989**		**262,153**

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of MITSUI-SOKO Co., Ltd. (the "Company") and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MITSUI-SOKO Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 20 to the consolidated financial statements, the Company entered into an agreement on June 21, 2013, to sell property. This sale transaction is planned to be completed in September 2013. Our opinion is not qualified in respect of this matter.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 27, 2013

Member of
Deloitte Touche Tohmatsu Limited

Mitsui-Soko Group Network

As of March 31, 2013

Company Name	Location	Main Business
Hokkaimitsui-Soko Logistics Co., Ltd.	Hokkaido	Warehousing / Cargo forwarding
Trust Partners Co., Ltd.	Miyagi	Call center / Specified worker dispatching undertaking
Mitsui-Soko Air Freight Co., Ltd.	Tokyo	Air cargo transport and handling services
Mitsui-Soko Express Co., Ltd.	Tokyo	Air freight transport
MS Air Cargo Inc.	Tokyo	Customs clearance services
Sun Capital and Accounting Co., Ltd.	Tokyo	Financial and accounting services
Logistics Systems and Solutions Co., Ltd.	Tokyo	Information systems designing and development
Mitsui-Soko Business Partners Co., Ltd.	Tokyo	BPO business / Data management services / Insurance
Tokyo Sanshin Service K.K.	Tokyo	Insurance
Sanso K.K.	Tokyo	Warehouse cargo handling
IM Express Co., Ltd.	Tokyo	Overland cargo transport / Cargo forwarding
MSC Logistics East, Inc.	Tokyo	Warehousing / Overland cargo transport
Toko Maruraku Transportation Co., Ltd.	Kanagawa	Seaport operations / Cargo forwarding
M·S Logistics Co., Ltd.	Saitama	Warehouse management and operations
Sanso Kouun Co., Ltd.	Aichi	Warehouse cargo handling / Seaport operations
Sanko Trucking Co., Ltd.	Aichi	Warehouse cargo handling / Overland cargo transport / Cargo forwarding
Sanei K.K.	Mie	Warehouse cargo handling / Seaport operations
Mitsui-Soko Logistics Co., Ltd.	Osaka	Cargo forwarding / Warehousing
MS Logitech Service Co., Ltd.	Osaka	Management operations / Warehouse loading for logistics centers
Mitsui Warehouse Terminal Service Co., Ltd.	Osaka	Seaport operations / Overland cargo transport / Cargo forwarding
Sanyu Service Co., Ltd.	Osaka	Warehouse cargo handling
Mitsunori Corporation	Fukui	Warehousing / Overland cargo transport / Cargo forwarding
Kobe Sunso Koun Co., Ltd.	Hyogo	Warehouse cargo handling / Seaport operations
MK Services Co., Ltd.	Hyogo	Distribution processing
Sun Transport Co., Ltd.	Hyogo	Overland cargo transport / Cargo forwarding
Mitsui-Soko Kyushu Co., Ltd.	Fukuoka	Warehousing / Seaport operations / Cargo forwarding
Seiyu Koun Co., Ltd.	Fukuoka	Warehouse cargo handling / Seaport operations
Hakata Sanso-Butsuryu Co., Ltd.	Fukuoka	Warehouse cargo handling / Overland cargo transport
Itabashi-Shouji Co., Ltd. *	Kanagawa	Overland cargo transport / Cargo forwarding
Mitsui-Soko (U.S.A.) Inc.	U.S.A.	International combined transport / Warehousing / Cargo forwarding
MSE Express America, Inc.	U.S.A.	Cargo forwarding
Mitsui-Soko (Europe) B.V.	Netherlands	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko (Europe) s.r.o.	Czech Republic	Overall management of subsidiaries in Europe region
PST CLC, a.s.	Czech Republic	International combined transport / Warehousing / Cargo forwarding
N.V. MSE Europe S.A.	Belgium	Cargo forwarding
Mitsui-Soko International Pte. Ltd.	Singapore	Overall management of subsidiaries in the Southeast Asia region / Warehouse leasing
Mitsui-Soko (Singapore) Pte. Ltd.	Singapore	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko Air Services (S) Pte. Ltd.	Singapore	Air cargo transport and handling services
Mitsui-Soko (Malaysia) Sdn. Bhd.	Malaysia	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko Agencies (Malaysia) Sdn. Bhd.	Malaysia	Customs clearance services
Integrated Mits Sdn. Bhd.	Malaysia	Warehousing
Mitsui-Soko (Thailand) Co., Ltd.	Thailand	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko (Chiangmai) Co., Ltd.	Thailand	International combined transport / Warehousing / Cargo forwarding
MITS Logistics (Thailand) Co., Ltd.	Thailand	Warehousing
MITS Transport (Thailand) Co., Ltd.	Thailand	Cargo forwarding
PT Mitsui-Soko Indonesia	Indonesia	Warehousing / Seaport operations / Cargo forwarding
Mitsui-Soko (Philippines), Inc.	Philippines	International combined transport / Warehousing / Cargo forwarding
Mitex Logistics (Shanghai) Co., Ltd.	China	International combined transport / Warehousing / Cargo forwarding / Distribution processing
Mitex Shenzhen Logistics Co., Ltd.	China	International combined transport / Warehousing / Cargo forwarding / Distribution processing
Nantong Sinavico International Logistics Co., Ltd.	China	Warehousing / Cargo forwarding
MSC Trading (Shanghai) Co., Ltd.	China	Trading agency
Shanghai MITS Commerce & Trade Co., Ltd.	China	Mail order platform service
Mitsui-Soko (China) Investment Co., Ltd.	China	Overall management and investment of subsidiaries in China
MSE China (Guangzhou) Co., Ltd.	China	Cargo forwarding
Mitex International (Hong Kong) Ltd.	Hong Kong	International combined transport / Warehousing / Cargo forwarding
Mitex Multimodal Express Ltd.	Hong Kong	Cargo forwarding
Noble Business International Ltd.	Hong Kong	Cargo forwarding
Mitsui-Soko (Taiwan) Co., Ltd.	Taiwan	International combined transport / Warehousing
Mitsui-Soko (Korea) Co., Ltd.	Korea	International combined transport / Warehousing
MS Express South Africa (Pty) Ltd.	South Africa	Cargo forwarding
AW Rostamani Logistics LLC *	U.A.E.	International combined transport / Warehousing / Cargo forwarding
Joint Venture Sunrise Logistics Co., Ltd. *	Vietnam	International combined transport / Warehousing / Cargo forwarding
Syarikat Rtnz Sdn. Bhd. *	Malaysia	Bonded warehouse operations
Shanghai Hua He International Logistics Co., Ltd. *	China	Warehousing / Cargo forwarding / Distribution processing
Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd. *	China	Cargo forwarding
TAS Express China Ltd. *	China	Cargo forwarding
MSE Express (Thailand) Co., Ltd. *	Thailand	Cargo forwarding
PT. TAS Puninar Express Indonesia *	Indonesia	Cargo forwarding
MSE Forwarders India Pvt. Ltd. *	India	Cargo forwarding

*Equity-method affiliates

Corporate Information / Investor Information

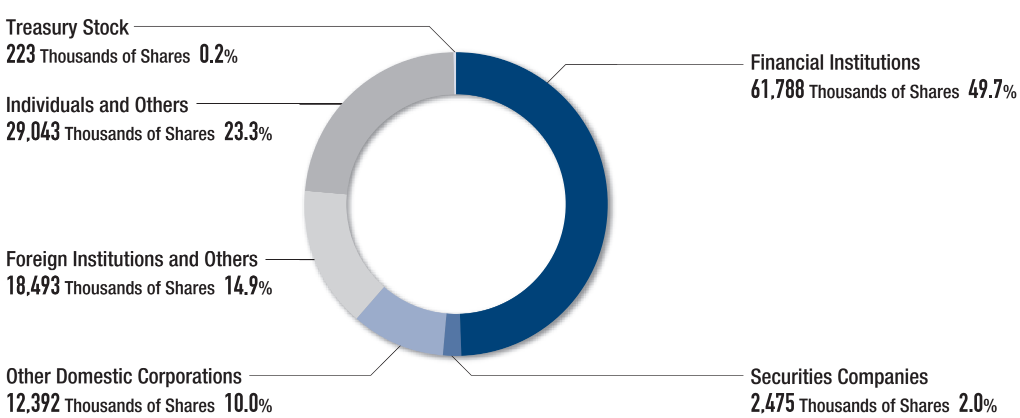
As of March 31, 2013

Company Name	MITSUI-SOKO CO., LTD.
Date of Establishment	October 11, 1909
Head Office	20-1, Nishi-shimbashi 3-chome, Minato-ku, Tokyo, 105-0003 Japan Phone: +81 (0)3-6400-8000 Fax: +81 (0)3-6880-9900
Paid-in Capital	¥11,100,714,274
Number of Employees	4,435 (consolidated base) 780 (non-consolidated base)
URL	http://www.mitsui-soko.co.jp/en/
Common Stock	Authorized-400,000,000 shares Issued-124,415,013 shares
Stock Exchange Listings	Tokyo, Osaka (#9302)
Trading Unit	1,000 shares
Shareholder Register Agent	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Office (The company's Stock Transfer Agency Department) 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

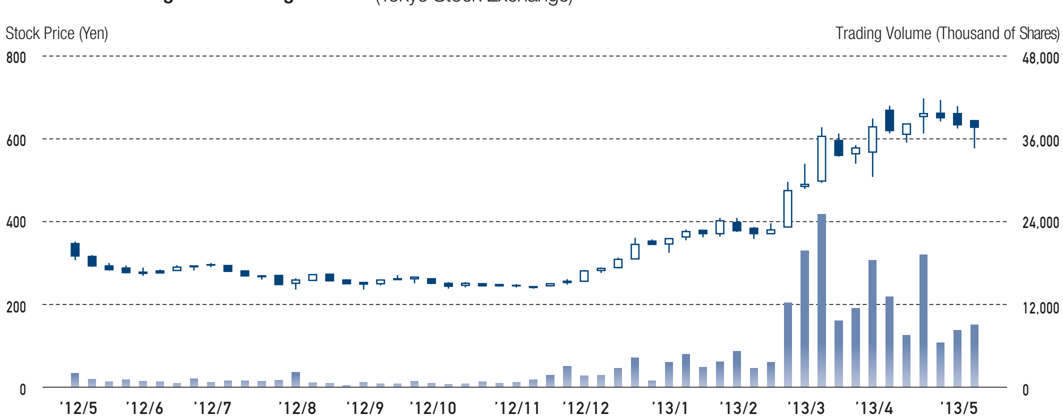
Major Shareholders	Thousands of Shares	Percentage of Shares Held (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	13,239	10.6
Mitsui Life Insurance Company, Ltd.	8,986	7.2
Mitsui Sumitomo Insurance Company, Limited	7,697	6.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,510	4.4
Credit Suisse Securities (Europe) Limited Pb Omnibus Client Account	4,008	3.2
Sumitomo Mitsui Banking Corporation	3,484	2.8
Northern Trust Co Avfc Re Northern Trust Guernsey Irish Clients	3,389	2.7
MITSUI-SOKO Employees' Shareholding Society	3,022	2.4
Takenaka Corporation	2,484	2.0
Sumitomo Mitsui Trust Bank, Limited	2,187	1.8

Note: Shares of less than 1,000 are rounded down.

Composition of Shareholders



Stock Price Range and Trading Volume (Tokyo Stock Exchange)



MITSUI-SOKO CO., LTD.

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