We Move Goods With Total Dedication

MITSUI-SOKO HOLDINGS 2015

Annual Report 2015
Year ended March 31, 2015

MITSUI-SOKO HOLDINGS

Profile

Since its founding in 1909, the Mitsui-Soko Group has developed logistics businesses, including its mainstay warehouse business as well as port terminal business and international transport business, both inside and outside Japan. In recent years, Mitsui-Soko Express Co., Ltd. (established through the merger and integration of JTB Air Cargo and Toyota-affiliated TAS Express), Mitsui-Soko Logistics Co, Ltd. (formerly SANYO Electric Logistics), and, this year, Mitsui-Soko Supply Chain Solutions, Inc. (formerly Sony Supply Chain Solutions Inc.) have been added to the group with the goal of expanding our functions. This further widens our business area as we concentrate investment on the growth regions and industries (Asia-Pacific region, healthcare business, etc.) set forth in our business strategy and as we steadily implement platform services.

In addition to business area expansion, in order to further accelerate growth, the Group switched to a holding company system in October 2014. Under this system, the operating companies wield “centrifugal force” and exhaustively pursue growth, while the holding company focuses on providing them with support and acting as group navigator from an overall-optimization perspective.

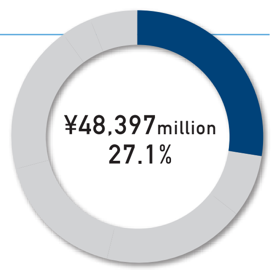
As a result of the introduction of this new system, we are almost certain to achieve net sales of ¥180.0 billion in the fiscal year ending March 31, 2016, that is one of the goals stated in the medium-term management plan “MOVE 2013.” However, it will be difficult for us to achieve the operating income goal due to the impact of factors such as the large-scale repairs made to rental buildings and the sales and distribution slump caused by the consumer-spending drop that followed the consumption tax increase.

In light of the above, we have now prepared the new medium-term management plan “MOVE 2015,” which has the fiscal year ending March 31, 2018 as its final year. While also further advancing the basic strategies set forth in the previous medium-term management plan “MOVE 2013, we will aim to achieve further growth toward a new stage on our way to being a “global logistics company” by building high-quality sustainable earning power through pursuit of the “creation of group synergy and enhancement of productivity.”

Business Lines (Net Sales by Business Segment Fiscal 2015)

Warehouse Segment

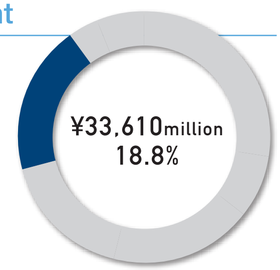
Providing warehousing, transportation, distribution processing and other logistics services to companies in Japan.



Logistics Systems Segment

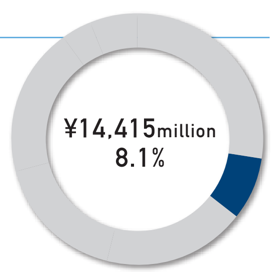
Providing services that support a supply chain management (SCM) through third-party logistics (3PL)*1.

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



Port Terminal Segment

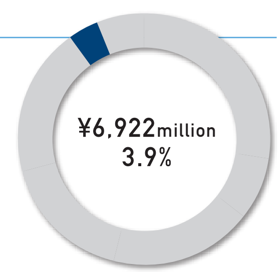
Providing port-related work and services to shipping companies that are our primary customers in this business.



BPO Segment

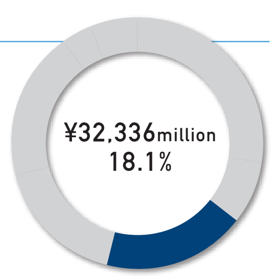
Providing business process outsourcing (BPO)*2 for operations and management, by taking over a portion or all of the work processes performed by customers.

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



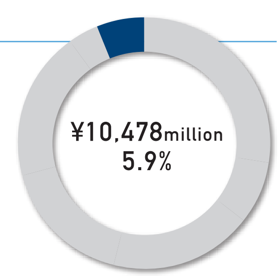
Global Flow Segment

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



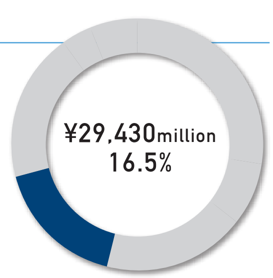
Real Estate Segment

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



Global Express Segment

Providing consolidated air forwarding services, and related logistics services.



Note: Net sales include intersegment sales or transfers.

The Evolution of Mitsui-Soko Group

Year		Warehouse Segment	Port Terminal Segment	Global Flow Segment	Global Express Segment	Logistics Systems Segment	BPO Segment	Real Estate Segment	Supply Chain Solution 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.						
1972				Established the first overseas subsidiary in Hong Kong.					
1977				Launched full-scale international transport services.					
1978				Launched Non Vessel Operating Common Carrier (NVOCC) services.					
1982					Launched full-scale air cargo transport services.				
1986							Launched "Big Bag" services (trunk room storage, moving, etc. services for non-commercial goods).		
1989								Launched full-scale real estate leasing business.	
2005		Established a new high-efficiency, multifunctional logistics facility and began redevelopment of existing facilities in the Tokyo metropolitan area.							
2008						Launched full-scale 3PL service.			
2009	Celebrated the Company's centennial.								
2011						Inaugurated FLEXPRESS logistics package service within Asia.			
					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.				
2012						Acquired all shares of SANYO Electric Logistics Co., Ltd. and renamed this company Mitsui-Soko Logistics Co., Ltd. to fortify 3PL business.			
					Acquired shares of TAS Express Co., Ltd. to be merged with Mitsui-Soko Air Cargo Inc. and started as Mitsui-Soko Express Co., Ltd.				
2014	Move to a holding Company System			Global Network Segment and International Transportation Segment were merged into the new Global Flow Segment.					
2015				Acquired Prime Cargo A/S (Denmark and Hong Kong) Acquired North Star Logistics Co., Ltd. (Thailand) (Planned)					Mitsui-Soko Supply Chain Solutions, Inc. Launched

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.

Contents

Consolidated Financial Highlights

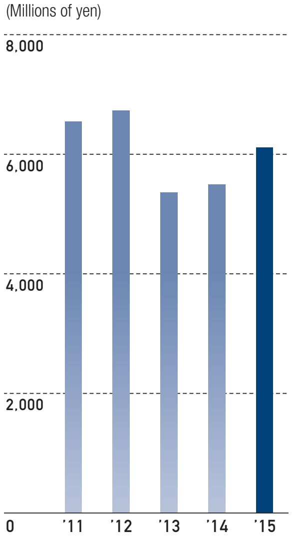
MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars
	2015	2014	2013	2012	2011	**2015**
For the year:						
Net sales	**¥ 170,486**	¥ 161,536	¥ 148,242	¥ 107,345	¥ 96,766	**$ 1,418,707**
Operating income	**6,112**	5,495	5,363	6,732	6,549	**50,865**
Net income	**1,213**	4,492	3,166	2,151	2,534	**10,090**
Net cash provided by operating activities	**8,047**	13,639	7,142	9,682	8,104	**66,967**
At year-end:						
Total assets	**¥ 245,213**	¥ 220,728	¥ 232,873	¥ 197,338	¥ 184,035	**$ 2,040,555**
Equity	**72,981**	65,937	57,697	50,853	49,967	**607,315**
Per share of common stock (in yen and U.S. dollars):						
Net income	**¥ 9.76**	¥ 36.17	¥ 25.49	¥ 17.32	¥ 20.40	**$ 0.08**
Equity	**549.53**	504.22	440.99	403.70	396.61	**4.57**
Cash dividends applicable to the year	**9.50**	9.00	9.00	9.00	9.00	**0.08**
Ratios:						
Equity ratio (%)	**27.8**	28.4	23.5	25.4	26.8	
Return on equity (%)	**1.9**	7.7	6.0	4.3	5.2	
Interest coverage ratio (times)	**7.2**	10.4	4.9	6.7	5.3	
Price/Earnings ratio (times)	**41.4**	11.4	22.7	20.4	15.9	

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 ¥120.17 to $1, the approximate rate of exchange at March 31, 2015. (See Note 1 of the Notes to Consolidated Financial Statements)

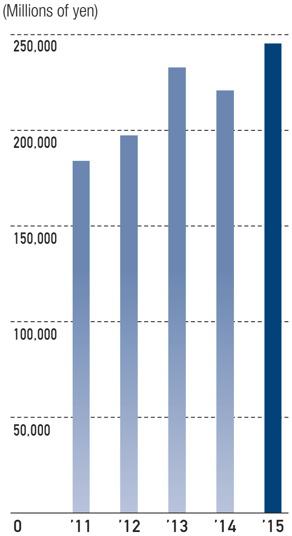
Operating Income

(Millions of yen)



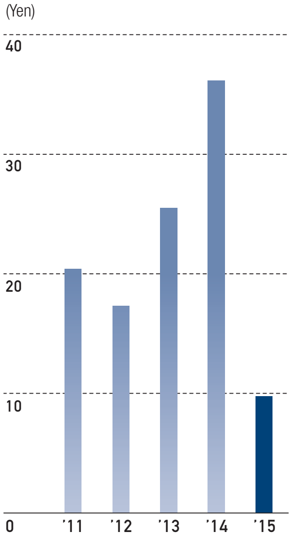
Total Assets

(Millions of yen)



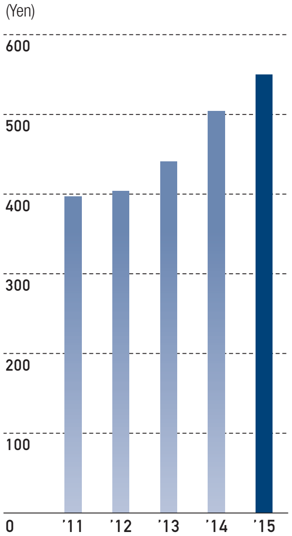
Net Income per Share

(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.

Through the steady implementation of the “MOVE 2013” medium-term management plan established in November 2012, we strengthened our business portfolio to a considerable degree. Then in October last year, we moved to a holding company system in order to further accelerate group growth, and we have now established a new medium-term management plan, “MOVE 2015,” which has the fiscal year ending March 31, 2018 as its final year. Our goals are to build high-quality sustainable earning power and to achieve net sales of ¥280.0 billion and operating income of ¥11.0 billion in the final year of the plan.

<Market Environment of the fiscal year ended March 31, 2015 (Fiscal 2015)>

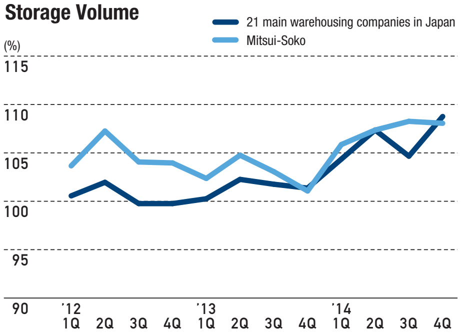
The market environment has continued to recover with exports improving due to economic recovery overseas.

Looking at the economy of Japan during the period of fiscal 2015, while consumption fell due to the downturn reaction from last-minute demand resulting from the raising of the consumption tax, a gradual recovery continued with exports recovering as a result of economic recovery in the United States and Asia.

In the logistics industry, storage balances continue to increase, but with turnover ratios that indicate cargo movement continuing on a minus trend, circumstances have not improved enough to give a real feeling of economic recovery.

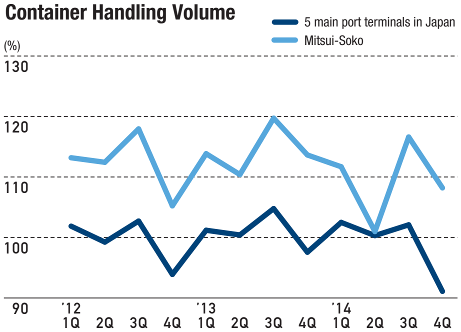
Looking ahead, we expect the recovery trend to continue due to factors such as export improvement caused by economic recovery overseas. With this in mind, we will be expanding our business organization as we take initiatives for further growth.

Storage Volume



*21 companies are main business normal warehousing companies.
*The average amount of fiscal 2012 is regarded as 100.

Container Handling Volume



*Statistics for 5 main port terminals in Japan are based on figures up to Feb. 2015.
*The average amount of fiscal 2012 is regarded as 100.

<Fiscal 2015 Consolidated Business Results>

Our Group experienced overall stable business results by focusing on accomplishing the medium-term management plan.

In this economic environment, our Group experienced overall stable business results because we focused our efforts on accomplishing the medium-term management plan.

Our Warehouse Segment, which offers warehousing, domestic transportation, distribution processing and other logistics services to companies in Japan, increased net sales and operating income as storage volumes for a wide range of items remained at a high level, despite the fact that cargo movement was less than expected.

The Port Terminal Segment, which offers port-related work and services mainly to shipping companies, was strong on Asian shipping routes in container terminal related work, its core operation. However, net sales and operating income declined due to the influence of the reorganization of shipping routes between Japan and China.

The Global Flow Segment, which offers logistics services through overseas group subsidiaries and which also offers combined transport services, saw increased net sales and operating income in all regions of Europe, the Americas, Northeast Asia, and Southeast Asia partly due to the depreciation of the yen.

The Global Express Segment, which provides consolidated air forwarding services and related logistics services, experienced higher net sales and operating income due to an increased handling volume in Japan and the rest of the Asian region and also due to the increased air transport demand caused by port congestion on the west coast of North America.

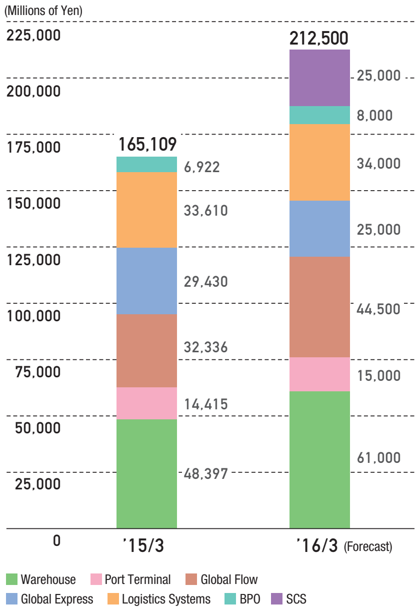
The Logistics Systems Segment, which provides SCM support services through third-party logistics (3PL), expanded the area for its business contracts with leading electronics retail stores, but net sales and operating income declined due to factors such as the downturn reaction from last-minute demand resulting from the raising of the consumption tax and the transport efficiency drop caused by increased handling of small articles.

The Business Process Outsourcing (BPO) Segment, which offers BPO services that operate and manage on a consigned basis some or all of the business processes of customers, achieved increased net sales due to the acquisition of new customers for call center services. On the other hand, operating income declined due to increased costs associated with the start of new business.

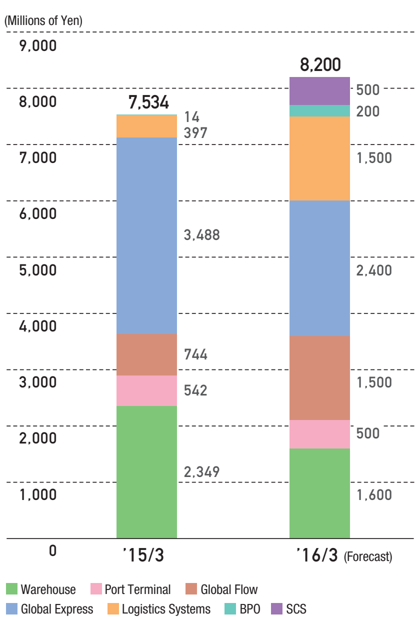
The Real Estate Segment experienced decreased net sales and operating income due to factors such as a rent-income decrease accompanied by large-scale repairs.

As a result of the above, the consolidated business results for fiscal 2015 showed net sales of ¥170,486 million, a 5.5% year-over-year increase and operating income of

Net Sales by Logistics Segment



Operating Income by Logistics Segment



*SCS: Supply Chain Solution Segment

¥6,112 million, an 11.2% increase year-over-year. Net income was ¥1,213 million, representing a 73.0% decrease compared to the previous fiscal year, when the Group sold some of its fixed assets to improve asset efficiency.

<Establishing MOVE 2015>

New medium-term management plan "MOVE 2015" for a new stage.

We strengthened our business portfolio under "MOVE 2013," but in order to realize further growth in a new stage in pursuit of our goal of being a "global logistics company," it is necessary for us to build high-quality sustainable earning power under "MOVE2015." For details, please see page 7.

<Future Outlook>

Push forward with the new medium-term management plan and further expand our business organization.

In the fiscal year ending March 31, 2016, we expect the recovery trend to continue as exports improve due to economic recovery overseas.

Given these conditions, our Group has established the new medium-term management plan "MOVE 2015" as we continue to evolve into a global competitive logistics company. With respect to our consolidated business results for the next fiscal year, ending March 31, 2016, we forecast net sales of ¥210.0 billion (23.2% year-over-year increase), with operating income of ¥6.0 billion (1.8% year-over-year decrease), and net income of ¥1.0 billion (17.5% year-over-year decrease).

With respect to dividends, our policy is to maintain investment for increasing corporate value and to maintain a stable level of dividend payout. Therefore, the Group has set year-end dividends at ¥5.00 per share, resulting in a ¥9.50 per share full-year dividend when combined with the interim dividend payout. The Group intends to pay an annual dividend of ¥10.00 per share (interim dividend of ¥5.00 per share) for the next fiscal year.

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

New Medium-Term Management Plan: MOVE 2015

Our Group established the medium-term management plan “MOVE 2013” in November 2012, and since then we have been able to expand the scale of our business by steadily executing that plan. Taking into account our transition to a holding company system, our M&A activity, and other business operation changes that took place during this period, we decided that it was necessary to further accelerate growth in a new stage on our way to being a global logistics company. So we prepared the new medium-term management plan “MOVE 2015,” which begins with the fiscal year ending March 31, 2016. We will take initiatives to achieve our goals of reaching net sales of ¥280.0 billion and operating income of ¥11.0 billion in the fiscal year ending March 31, 2018.

M O V E

Mitsui Original Value & Evolution

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

By focusing our efforts on the three business policies below, we aim to achieve further growth in a new stage on our way to being a global logistics company.

Concentrated Investment in Growing Fields in Asia-Pacific Region

In order to achieve our goal of becoming a “global logistics company,” we will continue to concentrate investment in growth areas in the Asia-Pacific region.

Optimizing Asset Portfolio

We are working to efficiently manage all the assets that we hold as we move forward with efforts to free ourselves from an overdependence on real estate business. We will also develop our business portfolio through the balanced growth of eight segments.

Creation of group synergy and enhancement of productivity

In our new stage of group management, the key to growth is “creation of group synergy.” By strengthening our business base, we have improved our service line, but moving forward we will provide customers with our services covering their global-level supply chain, and we will do this via high-value-added solutions combining functions that are the strength of each of our operating companies. In addition, we will also be working to enhance productivity by promoting group operation standardization and joint-procurement mechanisms.

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

Concentrated Investment in Growing Fields in Asia-Pacific Region

We will continue to concentrate investment on building our own logistics network in the Asia-Pacific region that demonstrates notable growth as starting and ending points of cargoes. To be specific, our investment objectives are: to promote M&A to strengthen functions; to establish a business base in regions where we have not yet had a presence; and to build and expand platform-typed services that go beyond logistics functions to move into production and sales.

One example of this involves Mitsui-Soko Supply Chain Solutions Inc. By utilizing its extensive experience in upstream logistics processes, it will develop business not just in the electrical products industry but in other industries as well. In this way, it will aim to create group synergy in the international logistics field and the sales and distribution field.

(Specific case)

Joint venture with Sony Corporation
(Japan, Thailand, and Malaysia)

[MITSUI-SOKO Supply Chain Solutions, Inc.]

Purpose: Strengthen new service functions and processes

Future plans: Build and roll out platform-typed services in the upstream logistics processes of production, procurement, and factory in-plant logistics.

Acquisition of Northern European logistics company
(Denmark and China)

[Prime Cargo A/S]

Purpose: Develop business foundation in new growth regions

Future plans: Build an Asia to Northern Europe logistics network and develop operational bases while also taking into account Western Europe, Eastern Europe, and Russia.

Acquisition of Thailand logistics company (Planned)
(Thailand)

[North Star Logistics Co., Ltd.]

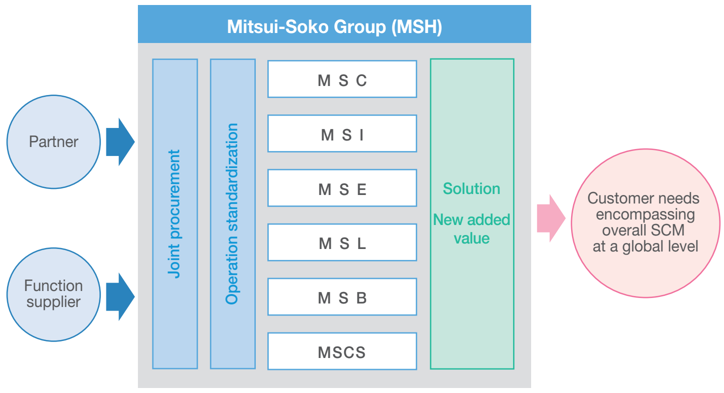
Purpose: Strengthen transport functions in Asia

Future plans: Strengthen our company's transport functions in Thailand and the rest of Asia and build platform-typed services with an eye towards consumer product logistics.

Creation of group synergy and enhancement of productivity

The "creation of group synergy" will be a key to group management in our new stage. Through M&A and the aggressive development of operational bases in growth regions, we have strengthened the line of services that we can provide to customers. However, for services that cover the customer's entire supply chain at the global level, we will provide high-value-added solutions by collaborating with our operating companies and combining the functions that are the strengths of each.

While raising the overall productivity of the Group by promoting operation standardization, we will work to strengthen our structure at the line level through the further promotion of "kaizen" improvement activities. In addition, we will also integrate information systems and expand shared services.

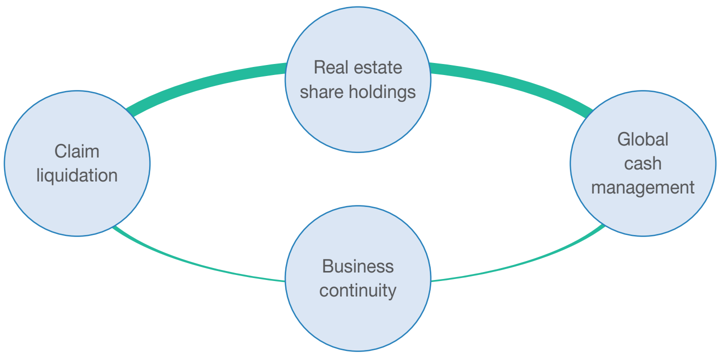


Optimizing Asset Portfolio

Under the business strategy set forth in MOVE 2015, we will work to develop our business portfolio through the balanced growth of eight segments, with Mitsui-Soko Supply Chain Solutions Inc. having been added.

For asset portfolio optimization, we will take initiatives such as investigating the possible disposal of asset considered low priority from interest and business-use continuity perspectives, reducing interest-bearing debt through claim liquidation, and making effective use of capital through our increasingly globalized group cash management.

Consideration and implementation of measures to raise asset quality and liquidity



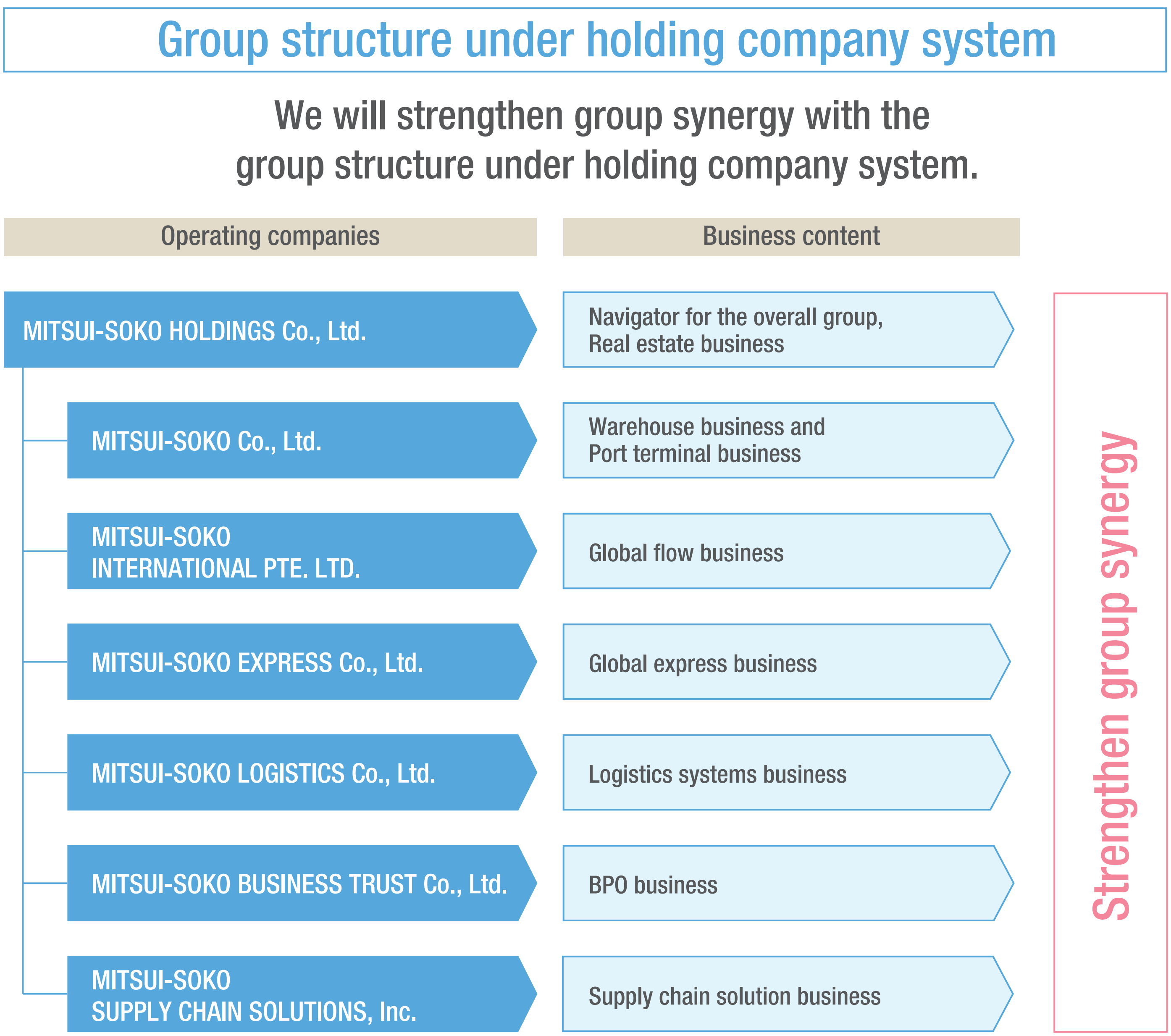
MOVE 2015 Promotion Structure

To make us better able to implement our growth strategy, the Group moved to a holding company system in October 2014. We are quickly putting in place an organization that can create group synergy under the holding company system, and we will build the high-quality sustainable earning power necessary to realize further growth in a new stage in pursuit of our goal of being a global logistics company.

With MOVE 2015 under holding company system, we will develop group synergy via even stronger links among operating companies, while each of them will wield "centrifugal force" to expand its own business.

Each of the operating companies will freely implement rapid decision-making within the scope of the authority delegated to them, and they will utilize the support of the holding company while thoroughly pursuing growth opportunities in their own business areas and working to accomplish their goals. The holding company will formulate strategies and allocate resources from the perspective of optimization of the overall group in the medium- to long-term and support the operating companies pursuing growth independently and autonomously, for example, by consolidating and being in charge of functions in common for the entire group.

(Figure) New group structure



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

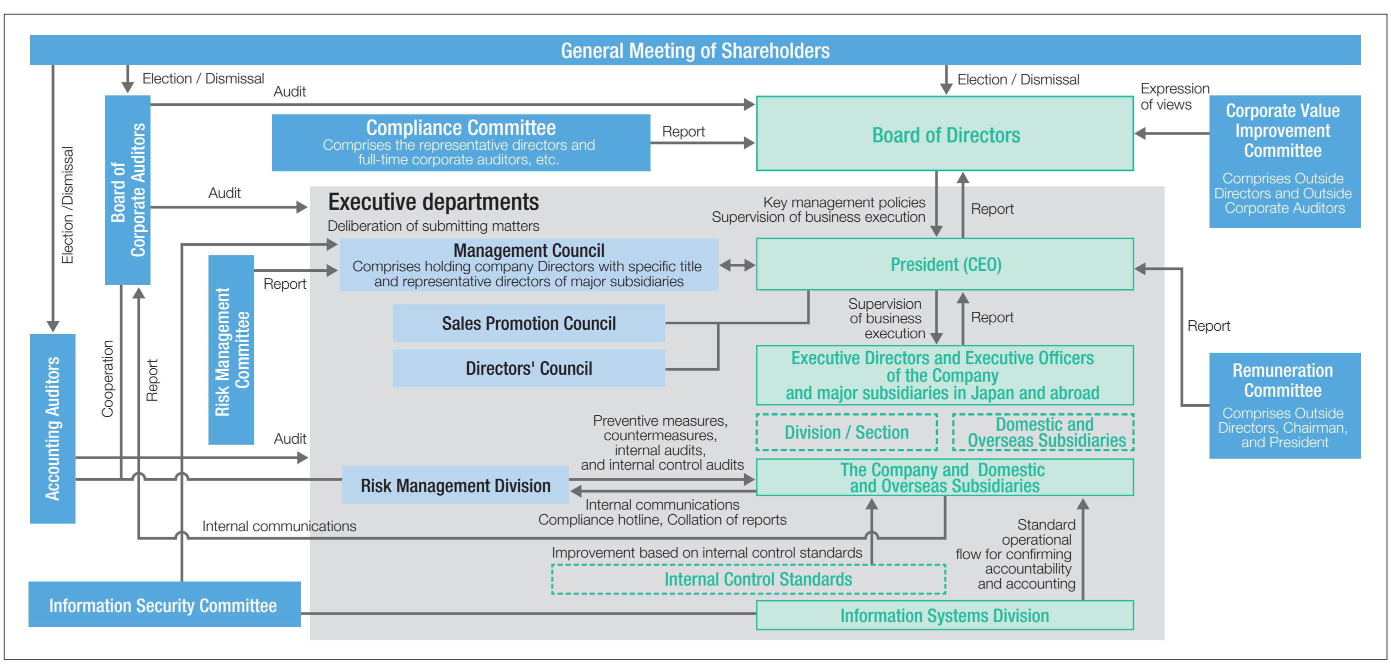
The Company has put in place internal controls to ensure that the execution of duties by directors conforms with laws and the Company's articles of incorporation as well as to ensure the appropriateness of other operations carried out by the Company. We have also established rules and regulations associated 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.



List of Directors and Corporate Auditors of the Group

Mitsui-Soko Holdings / Directors, Corporate Auditors
As of June 25, 2015

Directors

Chairman	Kazuo Tamura
President *	Kei Fujioka
Executive Managing Director *	Makoto Ikari
Executive Managing Director *	Yukihiro Nakaya
Executive Managing Director	Nobuo Nakayama
Director	Ryoji Ogawa
Director	Hirobumi Koga
Director	Seiji Satoh
Outside Director (part-time)	Kazunari Uchida
Outside Director (part-time)	Mamoru Furuhashi

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

Operating Companies / Directors

MITSUI-SOKO (As of June 23, 2015)	
Chairman	Kazuo Tamura
President *	Kei Fujioka
Senior Executive Managing Director *	Makoto Tawaraguchi
Senior Executive Managing Director *	Eiji Michise
Executive Managing Director	Koji Yagawa
Director	Osamu Odanaka
Director	Noboru Matsukawa
Director	Hiroshi Kinoh
Director	Hideki Wakano
Director (part-time)	Yukihiro Nakaya
MITSUI-SOKO INTERNATIONAL (As of June 29, 2015)	
Managing Director	Kei Fujioka
Executive Director	Yoshiaki Miyajima
Director	Kenji Takatoh
Director (part-time)	Ryoji Ogawa
MITSUI-SOKO EXPRESS (As of June 24, 2015)	
Chairman	Kei Fujioka
President *	Takanobu Kubo
Senior Executive Managing Director *	Ken Gohara
Executive Managing Director	Kiyoshi Hayakawa
Director	Yasuhiko Wada
MITSUI-SOKO LOGISTICS (As of June 18, 2015)	
President *	Yukio Ishida
Executive Director	Hiroshi Etani
Director (part-time)	Makoto Ikari
Director (part-time)	Seiji Satoh
MITSUI-SOKO BUSINESS TRUST (As of June 9, 2015)	
Chairman	Makoto Ikari
President *	Motome Ikeda
Director (part-time)	Hirobumi Koga
MITSUI-SOKO SUPPLY CHAIN SOLUTIONS (As of June 19, 2015)	
President *	Seiichi Kawasaki
Director	Makoto Ikari
Director	Masanori Nakajima
Director (part-time)	Keiji Wada
Director (part-time)	Kazuhiko Komada

Representative *

Management's Discussion and Analysis

Business Results

Net Sales

Despite the downturn reaction from last-minute demand resulting from the raising of the consumption tax, during the fiscal year ending March 31, 2015, business conditions continued to gradually recover. Given these conditions, the Group recorded net sales of ¥170,486 million, representing a ¥8,950 million year-over-year gain (5.5%). This result was mainly due to favorable performance in the Warehouse Segment, Global Flow Segment, and Global Express Segment.

By segment, the Group recorded net sales of ¥48,397 million (¥1,220 million, 2.6% year-over-year increase) in the Warehouse Segment, ¥14,415 million (¥957 million, 6.2% decrease) in the Port Terminal Segment, ¥32,335 million (¥5,690 million, 21.4% increase) in the Global Flow Segment, ¥29,430 million (¥6,313 million, 27.3% increase) in the Global Express Segment, ¥33,610 million (¥847 million, 2.5% decrease) in the Logistics Systems Segment, ¥6,922 million (¥317 million, 4.8% increase) in the BPO Segment, and ¥10,478 million (¥572 million, 5.2% decrease) in the Real Estate Segment.

Cost of Sales and SG&A Expenses

Together with the increase in net sales, cost of sales increased by ¥8,529 million (6.0%) compared to the previous fiscal year, amounting to ¥150,233 million. The ratio of cost of sales to net sales increased by 0.4 points to 88.1%. Selling, general and administrative (SG&A) expenses decreased by ¥196 million (1.4%) year-over-year, amounting to ¥14,141 million.

Operating Income

Operating income increased by ¥617 million (11.2%) year-over-year to ¥6,112 million due to factors such as the increase in volume in the Global Express Segment due to the impact of port congestion on the west coast of the United States.

Operating income results by segment showed the Warehouse Segment at ¥2,349 million (¥217 million, 10.2% increase), the Port Terminal Segment at ¥542 million (¥351 million, 39.3% decrease), the Global Flow Segment at ¥744 million (¥189 million, 34.1% increase), the Global Express Segment at ¥3,488 million (¥1,426 million, 69.2% increase), the Logistics Systems Segment at ¥397 million (¥547 million, 58.0% decrease), the BPO Segment at ¥14 million (¥53 million, 79.1% decrease), and the Real Estate Segment at ¥5,872 million (¥525 million, 8.2% decrease).

Other Income (Expenses)

Other Income (Expenses) - net decreased by ¥4,318 million year-over-year, amounting to ¥1,736 million. This decrease was mainly due to the absence of gains on sales of property, plant and equipment that occurred in the previous fiscal year.

Net Income

The Group recorded income before income taxes and minority interests of ¥4,376 million, a decrease of ¥3,701 million (45.8%), compared to the previous year when fixed-asset sales had been carried out to improve asset efficiency.

Net income was ¥1,213 million, a decrease of ¥3,279 million (73.0%) year-over-year. Net income per share was ¥9.76, a decrease of ¥26.41 compared to ¥36.17 in the previous fiscal year.

Financial Position

Assets and Equity

Total assets at the end of the fiscal year amounted to ¥245,213 million, representing a ¥24,485 million year-over-year increase. This increase was mainly owing to a fixed asset increase (new facilities, etc.) and an increase in cash reserves to prepare for investment in Sony Supply Chain Solutions, Inc. (now Mitsui-Soko Supply Chain Solutions, Inc.). Equity increased by ¥7,044 million compared to the previous fiscal year, reaching ¥72,981 million.

Cash Flows

Cash flow from operating activities amounted to ¥8,047 million of inflow. This represented a decrease of ¥5,592 million, compared to the previous fiscal year when there had been an income tax decrease and consumption tax refunds.

Cash flow from investing activities amounted to ¥14,809 million of outflow due to investment in new facilities. This represented a ¥9,469 million increase in net outflow compared to the previous fiscal year.

Cash flow from financing activities amounted to ¥12,836 million of inflow because issuance of corporate bonds and other inflows exceeded the redemption of corporate bonds and other outflows. The overall inflow represented a ¥36,849 million increase compared to the previous fiscal year, when corporate bonds were redeemed with the payment being made from cash reserves.

Consolidated Balance Sheet

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2015**	2014	**2015**
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	**¥ 22,717**	¥ 15,943	**$ 189,045**
Time deposits other than cash equivalents (Note 14)	**1,079**	559	**8,976**
Marketable securities (Notes 4 and 14)		20	
Receivables (Note 14):			
Trade notes and accounts	**25,208**	22,014	**209,768**
Unconsolidated subsidiaries and associated companies	**74**	77	**618**
Other	**2,094**	1,765	**17,424**
Deferred tax assets (Note 12)	**1,111**	1,225	**9,244**
Other current assets	**5,962**	4,155	**49,613**
Allowance for doubtful accounts	**(99)**	(87)	**(822)**
Total current assets	**58,146**	45,671	**483,866**
PROPERTY, PLANT AND EQUIPMENT (Notes 5 and 6):			
Land	**50,666**	50,324	**421,621**
Buildings and structures	**163,578**	157,458	**1,361,219**
Machinery and equipment	**17,430**	16,643	**145,042**
Other	**11,189**	10,878	**93,105**
Construction in progress	**7,642**	1,854	**63,597**
Total	**250,505**	237,157	**2,084,584**
Accumulated depreciation	**(122,531)**	(117,654)	**(1,019,647)**
Net property, plant and equipment	**127,974**	119,503	**1,064,937**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 14)	**16,600**	13,787	**138,138**
Investments in unconsolidated subsidiaries and associated companies	**4,698**	3,942	**39,098**
Long-term loans	**416**	358	**3,461**
Goodwill	**21,101**	22,910	**175,589**
Intangible assets	**6,260**	6,387	**52,100**
Assets for retirement benefits (Note 8)	**4,757**	2,823	**39,587**
Deferred tax assets (Note 12)	**810**	1,216	**6,743**
Other assets	**4,674**	4,371	**38,897**
Allowance for doubtful accounts	**(223)**	(240)	**(1,861)**
Total investments and other assets	**59,093**	55,554	**491,752**
TOTAL	**¥ 245,213**	¥ 220,728	**$ 2,040,555**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT LIABILITIES:			
Payables (Note 14):			
Trade notes and accounts	¥ 13,687	¥ 14,359	$ 113,893
Unconsolidated subsidiaries and associated companies	12	13	102
Other	4,216	3,167	35,082
Short-term borrowings (Notes 6 and 14)	5,999	7,241	49,917
Current portion of long-term debt (Notes 6 and 14)	21,574	20,852	179,529
Deposits received	6,020	6,031	50,097
Income taxes payable	1,463	718	12,179
Accrued expenses	3,646	3,546	30,342
Other current liabilities	2,024	1,390	16,845
Total current liabilities	58,641	57,317	487,986
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 14)	97,508	81,981	811,421
Liability for retirement benefits (Note 8)	4,346	4,476	36,163
Deferred tax liabilities (Note 12)	7,350	6,288	61,160
Other long-term liabilities	4,387	4,729	36,510
Total long-term liabilities	113,591	97,474	945,254
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 7, 13 and 15)			
EQUITY (Notes 9 and 17):			
Common stock—authorized, 400,000,000 shares; issued, 124,415,013 shares in 2015 and 2014	11,101	11,101	92,376
Capital surplus	5,563	5,563	46,293
Retained earnings	39,919	39,239	332,190
Treasury stock—at cost, 226,925 shares in 2015 and 226,131 shares in 2014	(101)	(101)	(840)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	6,352	4,412	52,859
Deferred loss on derivatives under hedge accounting			(1)
Foreign currency translation adjustments	4,174	1,940	34,731
Defined retirement benefit plans	1,237	464	10,297
Total	68,245	62,618	567,905
Minority interests	4,736	3,319	39,410
Total equity	72,981	65,937	607,315
TOTAL	¥ 245,213	¥ 220,728	$ 2,040,555

Consolidated Statement of Income

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET SALES	¥ 170,486	¥ 161,536	$ 1,418,707
COST OF SALES	150,233	141,704	1,250,167
Gross profit	20,253	19,832	168,540
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	14,141	14,337	117,675
Operating income	6,112	5,495	50,865
OTHER INCOME (EXPENSES):			
Interest and dividend income	392	461	3,260
Interest expense	(1,103)	(1,274)	(9,190)
Commission fee	(1,321)	(445)	(10,993)
Foreign exchange gain (loss) —net	548	(405)	4,563
Equity in earnings of associated companies	64	166	535
Gain on sales of property, plant and equipment—net	39	5,135	332
Gain (loss) on sales of investment securities—net	238	(104)	1,982
Other—net (Note 11)	(593)	(952)	(4,938)
Other income (expenses)—net	(1,736)	2,582	(14,449)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	4,376	8,077	36,416
INCOME TAXES (Note 12):			
Current	2,179	1,450	18,133
Deferred	296	1,935	2,466
Total income taxes	2,475	3,385	20,599
NET INCOME BEFORE MINORITY INTERESTS	1,901	4,692	15,817
MINORITY INTERESTS IN NET INCOME	688	200	5,727
NET INCOME	¥ 1,213	¥ 4,492	$ 10,090

	Yen		U.S. Dollars (Note 1)
	2015	2014	2015
PER SHARE OF COMMON STOCK (Notes 2.r and 17):			
Basic net income	¥ 9.76	¥ 36.17	$ 0.08
Cash dividends applicable to the year	9.50	9.00	0.08

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET INCOME BEFORE MINORITY INTERESTS	¥ 1,901	¥ 4,692	$ 15,817
OTHER COMPREHENSIVE INCOME (Note 16):			
Unrealized gain on available-for-sale securities	1,940	856	16,146
Deferred loss on derivatives under hedge accounting		(4)	(1)
Foreign currency translation adjustments	1,958	2,855	16,290
Share of other comprehensive income in associates	493	520	4,105
Defined retirement benefit plans:	773		6,431
Total other comprehensive income	5,164	4,227	42,971
COMPREHENSIVE INCOME	¥ 7,065	¥ 8,919	$ 58,788
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the parent	¥ 6,160	¥ 8,602	$ 51,255
Minority interests	905	317	7,533

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2015

			Millions of Yen										
							Accumulated Other Comprehensive Income (Loss)						
	Number of Common Stock	Number of Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2013	124,415,013	(223,591)	¥11,101	¥ 5,563	¥35,961	¥ (99)	¥ 3,555	¥ 4	¥ (1,318)		¥54,767	¥ 2,930	¥ 57,697
Net income					4,492						4,492		4,492
Cash dividends, ¥9.0 per share					(1,118)						(1,118)		(1,118)
Repurchase of treasury stock		(2,540)				(2)					(2)		(2)
Change in scope of equity method					(96)						(96)		(96)
Net change in the year							857	(4)	3,258	¥ 464	4,575	389	4,964
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	124,415,013	(226,131)	11,101	5,563	39,239	(101)	4,412		1,940	464	62,618	3,319	65,937
Cumulative effect of accounting change					585						585		585
BALANCE, APRIL 1, 2014 (as restated)	124,415,013	(226,131)	11,101	5,563	39,824	(101)	4,412		1,940	464	63,203	3,319	66,522
Net income					1,213						1,213		1,213
Cash dividends, ¥9.0 per share					(1,118)						(1,118)		(1,118)
Repurchase of treasury stock		(794)											
Net change in the year							1,940		2,234	773	4,947	1,417	6,364
BALANCE, MARCH 31, 2015	124,415,013	(226,925)	¥11,101	¥ 5,563	¥39,919	¥ (101)	¥ 6,352		¥ 4,174	¥ 1,237	¥68,245	¥ 4,736	¥ 72,981

	Thousands of U.S. Dollars (Note 1)										
					Accumulated Other Comprehensive Income (Loss)						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	$ 92,376	$ 46,293	$ 326,528	$ (837)	$ 36,712		$ 16,143	$ 3,866	$ 521,081	$ 27,616	$ 548,697
Cumulative effect of accounting change			4,873						4,873		4,873
BALANCE, APRIL 1, 2014 (as restated)	92,376	46,293	331,401	(837)	36,712		16,143	3,866	525,954	27,616	553,570
Net income			10,090						10,090		10,090
Cash dividends, $0.08 per share			(9,301)						(9,301)		(9,301)
Repurchase of treasury stock				(3)					(3)		(3)
Net change in the year					16,147	$ (1)	18,588	6,431	41,165	11,794	52,959
BALANCE, MARCH 31, 2015	$ 92,376	$ 46,293	$ 332,190	$ (840)	$ 52,859	$ (1)	$ 34,731	$ 10,297	$ 567,905	$ 39,410	$ 607,315

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	**2015**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 4,376**	¥ 8,077	**$ 36,416**
Adjustments for:			
Income taxes—paid	**(1,569)**	(1,155)	**(13,053)**
Depreciation and amortization	**7,075**	7,259	**58,873**
Amortization of goodwill	**1,814**	1,811	**15,092**
Gain on sales of property, plant and equipment—net	**(39)**	(5,135)	**(332)**
(Gain) loss on sales of investment securities	**(238)**	64	**(1,982)**
Changes in assets and liabilities:			
Decrease in allowance for doubtful accounts	**(7)**	(2)	**(61)**
Increase in liability for retirement benefits	**210**	633	**1,755**
(Increase) decrease in notes and accounts receivable—trade	**(2,057)**	1,116	**(17,117)**
(Decrease) increase in notes and accounts payable—trade	**(1,186)**	141	**(9,868)**
Other—net	**(332)**	830	**(2,756)**
Total adjustments	**3,671**	5,562	**30,551**
Net cash provided by operating activities	**8,047**	13,639	**66,967**
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	**(13,782)**	(8,762)	**(114,684)**
Proceeds from sales of property, plant and equipment	**123**	5,297	**1,027**
Purchases of intangible assets	**(721)**	(706)	**(5,998)**
Purchases of investment securities	**(301)**	(90)	**(2,507)**
Payments for investment in affiliates	**(618)**	(1,294)	**(5,139)**
Proceeds from collection of loans	**49**	110	**407**
Purchase of investments in subsidiaries	**(154)**		**(1,284)**
Purchase of investments in subsidiaries resulting in change in scope of consolidation		(57)	
Proceeds from investments in subsidiaries resulting in change in scope of consolidation	**401**		**3,336**
Other—net	**194**	162	**1,607**
Net cash used in investing activities	**(14,809)**	(5,340)	**(123,235)**
FINANCING ACTIVITIES:			
(Decrease) increase in short-term borrowings—net	**(1,860)**	1,174	**(15,478)**
Proceeds from long-term debt	**37,102**	950	**308,750**
Repayments of long-term debt	**(20,852)**	(24,462)	**(173,525)**
Dividends paid	**(1,118)**	(1,118)	**(9,301)**
Repurchase of treasury stock		(2)	**(3)**
Other—net	**(436)**	(555)	**(3,629)**
Net cash provided by (used in) financing activities	**12,836**	(24,013)	**106,814**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**¥ 700**	¥ 2,079	**$ 5,825**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,774**	(13,635)	**56,371**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**15,943**	29,578	**132,674**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 22,717**	¥ 15,943	**$ 189,045**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MITSUI-SOKO HOLDINGS Co., Ltd. and its Consolidated Subsidiaries
Year Ended March 31, 2015

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 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MITSUI-SOKO HOLDINGS Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 to $1, the approximate rate of exchange at March 31, 2015. 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, 2015, include the accounts of the Company and its 57 (56 in 2014) significant subsidiaries (together, the "Group").

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

Investments in six (seven in 2014) associated companies are accounted for by the equity method.

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

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being 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 contained 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 uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

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

Notes to Consolidated Financial Statements

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

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

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

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

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

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

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

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

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

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

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

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

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

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

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

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

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing, and amount of benefit payment and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits as of April 1, 2014 decreased by ¥355 million ($ 2,955 thousand), assets for retirement benefits as of April 1, 2014, increased by ¥684 million ($ 5,692 thousand) and retained earning as of April 1, 2014, increased by ¥585 million ($ 4,873 thousand). Effects on operating income and net income before income taxes and minority interests for the fiscal year ended March 31, 2015, are minimal. In addition, basic net assets per share for the fiscal year ended March 31, 2015, increased by ¥ 4.72 ($ 0.04) .

l. New Accounting Pronouncements—Accounting Standards for Business Combinations and Consolidated Financial Statements

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

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

(b) Presentation of the consolidated balance sheet - In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

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

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

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

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

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

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

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

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

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

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

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

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

All other leases are accounted for as operating leases.

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

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

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

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

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

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

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

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

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

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

3. BUSINESS COMBINATION

Common control transaction
On October 1 2014, the Company transitioned to a holding company system through a company split. On the same date, the Company changed its corporate name from “Mitsui-Soko Co., Ltd.” to “Mitsui-Soko Holdings Co., Ltd.”

1. Overview of transaction
(1) Name and main business to be split from the Company
Warehousing, port-related business and BPO business

(2) Date of business combination
October 1, 2014

(3) Legal format of business combination
The Company is the separating company and the new companies established by the simple incorporation-type company split (“(new) Mitsui-Soko Co., Ltd.” and ”Mitsui-Soko Business Trust Co., Ltd.”) are designated as the succeeding company.

(4) Name of company after business combination
Mitsui-Soko Co., Ltd. and Mitsui-Soko Business Trust Co., Ltd.

(5) Purpose of business combination
As part of the logistics industry that continues to face challenges, the Group has been striving for additional growth of all its businesses by utilizing systems including M&A based on the medium-term management plan “MOVE2013”, which was formulated in November 2012, which aims to evolve from a century-old warehouse company to a competitive global logistics company. The Group has moved to a holding company system in order to accelerate growth of each of its businesses, expand its business and continue to enhance of its corporate value by an incorporation-type company split.

2. Overview of accounting treatment employed
Accounting treatment as common control transactions has been carried out under the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21; December 26, 2008) and the “Accounting Standard for Business Combinations and Applicable Guidelines for Accounting Standard for Business Divestitures” (ASBJ Guideline No. 10; December 26, 2008)”

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	*2014*	***2015***
Current—Government and corporate bonds		¥ 20	
Noncurrent:			
Equity securities	**¥ 16,600**	¥ 13,787	**$ 138,138**
Total	**¥ 16,600**	¥ 13,787	**$ 138,138**

The costs and aggregate fair values of marketable and investment securities at March 31, 2015 and 2014, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2015				
Securities classified as available-for-sale:				
Equity securities	**¥ 5,294**	**¥ 9,422**	**¥ (40)**	**¥ 14,676**
March 31, 2014				
Securities classified as available-for-sale:				
Equity securities	¥ 5,049	¥ 6,931	¥ (117)	¥ 11,863
Debt securities	20			20

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2015				
Securities classified as available-for-sale:				
Equity securities	**$ 44,057**	**$ 78,403**	**$ (335)**	**$ 122,125**

The information for sale of available-for-sale securities which were sold during the year ended March 31, 2015, was as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses	Proceeds	Realized Gains	Realized Losses
March 31, 2015						
Securities classified as available-for-sale:						
Equity securities	**¥ 261**	**¥ 238**		**$ 2,169**	**$ 1,982**	

The impairment loss on write-down of available-for-sale equity securities for the year ended March 31, 2015 was nil and for the year ended March 31, 2014 was ¥80 million.

5. INVESTMENT PROPERTY

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

The Group owns rental properties such as office buildings and land in Tokyo and other areas. The net of rental income and operating expenses for those rental properties was ¥6,189 million ($51,498 thousand) and ¥6,642 million for the fiscal years ended March 31, 2015 and 2014, respectively.

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

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2014	Increase/Decrease	**March 31, 2015**	**March 31, 2015**
¥ 37,808	¥ 2,453	**¥ 40,261**	**¥ 143,376**

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2013	Increase/Decrease	March 31, 2014	March 31, 2014
¥ 38,324	¥ (516)	¥ 37,808	¥ 143,000

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2014	Increase/Decrease	**March 31, 2015**	**March 31, 2015**
$ 314,614	$ 20,419	**$ 335,033**	**$ 1,193,113**

Notes: 1. Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
2. Increase during the fiscal year ended March 31, 2015, primarily represents purchase of property.
3. Fair value of major properties as of March 31, 2015, is measured by an outside real estate appraiser and fair value of other properties is measured by the Company in accordance with its Income Approach.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2015 and 2014, mainly consisted of notes to banks. The annual interest rates applicable to the short-term borrowings ranged from 0.52% to 0.73% and from 0.32% to 0.60% at March 31, 2015 and 2014, respectively.

Long-term debt at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
1.66% unsecured bonds due 2016	**¥ 4,000**	¥ 4,000	**$ 33,287**
1.35% unsecured bonds due 2015		6,000	
1.27% unsecured bonds due 2018	**7,000**	7,000	**58,251**
0.91% unsecured bonds due 2016	**3,000**	3,000	**24,966**
0.82% unsecured bonds due 2017	**10,000**	10,000	**83,215**
0.67% unsecured bonds due 2019	**10,000**	10,000	**83,215**
0.78% unsecured bonds due 2020	**10,000**	10,000	**83,215**
0.45% unsecured bonds due 2021	**10,000**		**83,215**
0.83% unsecured bonds due 2025	**10,000**		**83,215**
Subtotal	**64,000**	50,000	**532,579**
Loans from banks and other financial institutions, due serially to 2025 with interest rates ranging from 0.41% to 2.1% in 2015 and 2014			
Collateralized	**107**	94	**889**
Unsecured	**54,975**	52,739	**457,482**
Total	**119,082**	102,833	**990,950**
Less current portion	**(21,574)**	(20,852)	**(179,529)**
Long-term debt, less current portion	**¥ 97,508**	¥ 81,981	**$ 811,421**

Annual maturities of long-term debt at March 31, 2015, were as follows:

Years Ending March 31	*Millions of Yen*	*Thousands of U.S. Dollars*
2016	**¥ 21,574**	**$ 179,529**
2017	**23,708**	**197,290**
2018	**15,867**	**132,041**
2019	**16,391**	**136,398**
2020	**14,718**	**122,478**
2021 and thereafter	**26,824**	**223,214**
Total	**¥ 119,082**	**$ 990,950**

Assets of ¥1,174 million ($9,774 thousand) pledged as collateral for debt as of March 31, 2015, were as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
Buildings and structures—net of accumulated depreciation	**¥ 532**	**$ 4,428**
Land	**642**	**5,346**
Total	**¥ 1,174**	**$ 9,774**

7. OVERDRAFTS AND LOAN COMMITMENTS

The Company has concluded overdraft agreements with four banks and loan commitment contracts with three banks for efficient procurement of working capital. The portion of the credit line that had not been exercised under these agreements and contracts as of March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Total overdraft limits	**¥ 7,000**	¥ 7,000	**$ 58,251**
Loan executions		1,000	
	¥ 7,000	¥ 6,000	**$ 58,251**

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Total loan commitment limits	**¥ 5,000**	¥ 5,000	**$ 41,608**
Loan executions			
	¥ 5,000	¥ 5,000	**$ 41,608**

8. RETIREMENT AND PENSION PLANS

1. Overview of retirement benefit plans

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

The Company and certain consolidated domestic subsidiaries have noncontributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. The Company 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.

2. Retirement and pension plans

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Balance at beginning of year (as previously reported)	**¥ 8,620**	¥ 8,573	**$ 71,733**
Cumulative effect of accounting change	**(1,039)**		**(8,647)**
Balance at beginning of year (as restated)	**7,581**	8,573	**63,086**
Current service cost	**711**	682	**5,916**
Interest cost	**31**	112	**257**
Actuarial losses	**113**	80	**944**
Benefits paid	**(839)**	(1,088)	**(6,982)**
Others	**31**	260	**255**
Balance at end of year	**¥ 7,628**	¥ 8,619	**$ 63,476**

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Balance at beginning of year	**¥ 6,966**	¥ 6,317	**$ 57,968**
Expected return on plan assets	**25**	28	**212**
Actuarial losses	**1,302**	851	**10,833**
Contributions from the employer	**24**	25	**198**
Benefits paid	**(278)**	(255)	**(2,311)**
Balance at end of year	**¥ 8,039**	¥ 6,966	**$ 66,900**

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Funded defined benefit obligation	**¥ 3,339**	¥ 4,301	**$ 27,782**
Plan assets	**(8,039)**	(6,966)	**(66,900)**
	(4,700)	(2,665)	**(39,118)**
Unfunded defined benefit obligation	**4,289**	4,318	**35,694**
Net liability (asset) for defined benefit obligation	**¥ (411)**	¥ 1,653	**$ (3,424)**

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Liability for retirement benefits	**¥ 4,346**	¥ 4,476	**$ 36,163**
Asset for retirement benefits	**(4,757)**	(2,823)	**(39,587)**
Net liability (asset) for defined benefit obligation	**¥ (411)**	¥ 1,653	**$ (3,424)**

Notes to Consolidated Financial Statements

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Service cost	**¥ 711**	¥ 682	**$ 5,916**
Interest cost	**31**	112	**257**
Expected return on plan assets	**(26)**	(28)	**(212)**
Recognized actuarial gains	**(70)**	(80)	**(584)**
Amortization of prior service cost	**(45)**	(48)	**(372)**
Net periodic retirement benefit costs	**¥ 601**	¥ 638	**$ 5,005**

Note: In addition to the net periodic benefit cost stated above, extra retirement benefits of ¥92 million ($765 thousand) were recorded as expenses for the year ended March 31, 2015, and extra retirement benefits of ¥178 million and the effects of the change in the accounting method to calculate retirement benefit obligation from the simplified method to the principle method of ¥261 million were recorded as expenses for the year ended March 31, 2014.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Prior service cost	**¥ 46**		**$ 380**
Actuarial gains	**(1,106)**		**(9,203)**
Total	**¥ (1,060)**		**$ (8,823)**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Unrecognized prior service cost	**¥ 6**	¥ 51	**$ 53**
Unrecognized actuarial losses	**1,776**	671	**14,777**
Total	**¥ 1,782**	¥ 722	**$ 14,830**

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Equity investments	**84%**	81%
Debt investments	**7%**	9%
General accounts	**5%**	6%
Cash and cash equivalents	**3%**	3%
Others	**1%**	1%
Total	**100%**	100%

Note: The total of plan assets includes 34% of the assets contributed to a retirement benefit trust for the defined-benefit corporate pension plan and 33% for the years ended March 31, 2015 and 2014, respectively, and 50% of the assets contributed to a retirement benefit trust for retirement lump-sum payment plan and 47% for the years ended March 31, 2015 and 2014, respectively.

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

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

(8) Assumptions used for the years ended March 31, 2015 and 2014 were set forth as follows:

	2015	2014
Discount rate	**0.3-1.0%**	1.0-2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Expected salary increase rate	**5.1-6.1%**	5.1-6.1%

3. Defined contribution system
The amount of required contributions to the Company and certain consolidated subsidiaries under the defined contribution plans is ¥124 million ($1,033 thousand) and ¥111 million for the years ended March 31, 2015 and 2014, respectively.

9. EQUITY

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

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

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of 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.

10. AMORTIZATION OF GOODWILL

Amortization of goodwill included in selling, general, and administrative expenses was ¥1,814 million ($15,092 thousand) and ¥1,811 million for the years ended March 31, 2015 and 2014, respectively.

11. OTHER INCOME (EXPENSES)

Other expenses—net for the years ended March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Taxes and dues	**¥ (69)**	¥ (205)	**$ (575)**
Loss on disposal of long-lived assets	**(205)**	(68)	**(1,702)**
Loss on business restructuring of subsidiaries and affiliates		(187)	
Land inspection and removal expenses for underground obstacles		(157)	
Retirement benefit cost		(261)	
Other	**(319)**	(74)	**(2,661)**
Other expenses—net	**¥ (593)**	¥ (952)	**$ (4,938)**

12. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 35.6% and 38.0% for the years ended March 31, 2015, and March 31, 2014, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Deferred tax assets:			
Liability for employees' retirement benefits	**¥ 1,683**	¥ 2,548	**$ 14,006**
Accrued bonuses	**670**	651	**5,574**
Property, plant and equipment	**951**	1,186	**7,916**
Tax loss carryforwards	**1,199**	1,466	**9,977**
Golf club memberships	**4**	51	**31**
Loss on write-down of securities	**2**	139	**20**
Goodwill	**174**	391	**1,445**
Other	**896**	1,033	**7,464**
Less valuation allowance	**(1,456)**	(1,521)	**(12,118)**
Total	**4,123**	5,944	**34,315**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(3,029)**	(2,412)	**(25,206)**
Gain on contribution of securities to the employee retirement benefit trust	**(1,469)**	(1,622)	**(12,226)**
Property, plant and equipment	**(3,871)**	(4,321)	**(32,210)**
Other	**(1,183)**	(1,436)	**(9,846)**
Total	**(9,552)**	(9,791)	**(79,488)**
Net deferred tax (liabilities) assets	**¥ (5,429)**	¥ (3,847)	**$ (45,173)**

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, 2015 and 2014, was as follows:

	2015	2014
Normal effective statutory tax rate	**35.6%**	38.0%
Expenses not deductible for income tax purposes	**2.0**	0.7
Income not taxable for income tax purposes	**(12.5)**	(6.7)
Per capita portion of inhabitant tax	**1.5**	1.0
Effect of elimination of dividend income from subsidiaries for consolidation purpose	**13.1**	7.2
Lower income tax rates applicable to income in certain foreign countries	**(7.5)**	(1.5)
Valuation allowance	**5.1**	(2.7)
Effect of consolidation adjustments	**20.1**	6.8
Adjustment of deferred tax assets due to change in income tax rate	**(5.0)**	0.5
Amortization of goodwill	**3.0**	1.7
Other—net	**1.2**	(3.1)
Actual effective tax rate	**56.6%**	41.9%

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, from approximately 35.6% to approximately 33.1% and for the fiscal year beginning on or after April 1, 2016, to approximately 32.3%. The effects of these changes were to decrease deferred tax assets, net of deferred tax liabilities, by ¥588 million ($ 4,896 thousand) in the consolidated balance sheet as of March 31, 2015, and to decrease income taxes—deferred in the consolidated statement of income for the year then ended by ¥220 million ($1,831 thousand).

At March 31, 2015, certain subsidiaries have tax loss carryforwards aggregating approximately ¥4,127 million ($34,346 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*
2018	¥ 323	$ 2,687
2019	624	5,190
2020	232	1,933
2021 and thereafter	2,948	24,536
Total	¥ 4,127	$ 34,346

13. LEASES

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

Total rental expenses for the years ended March 31, 2015 and 2014, were ¥13,915 million ($115,793 thousand) and ¥13,141 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessee at March 31, 2015 and 2014, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	*2014*	***2015***
Due within one year	¥ 3,009	¥ 2,332	$ 25,043
Due after one year	5,624	6,789	46,804
Total	¥ 8,633	¥ 9,121	$ 71,847

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

Total lease revenues for the years ended March 31, 2015, and 2014, were ¥9,855 million ($82,011 thousand) and ¥10,877 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessor at March 31, 2015 and 2014, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	*2014*	***2015***
Due within one year	¥ 6,068	¥ 5,644	$ 50,492
Due after one year	21,375	3,486	177,874
Total	¥ 27,443	¥ 9,130	$ 228,366

14. FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2015	*Carrying Amount*	*Fair Value*	*Unrealized Gain/Loss*
Cash and cash equivalents	**¥ 22,717**	**¥ 22,717**	
Time deposits other than cash equivalents	**1,079**	**1,079**	
Trade receivables	**25,282**	**25,282**	
Marketable and investment securities	**14,676**	**14,676**	
Total	**¥ 63,754**	**¥ 63,754**	
Trade payables	**¥ 13,699**	**¥ 13,699**	
Short-term debt	**5,999**	**5,999**	
Long-term debt	**119,082**	**119,951**	**¥ 869**
Total	**¥ 139,780**	**¥ 139,648**	**¥ 869**
Derivative transaction			

	Millions of Yen		
March 31, 2014	*Carrying Amount*	*Fair Value*	*Unrealized Gain/Loss*
Cash and cash equivalents	¥ 15,943	¥ 15,943	
Time deposits other than cash equivalents	559	559	
Trade receivables	22,091	22,091	
Marketable and investment securities	11,884	11,884	
Total	¥ 50,477	¥ 50,477	
Trade payables	¥ 14,372	¥ 14,372	
Short-term debt	7,241	7,241	
Long-term debt	102,833	104,109	¥ 1,276
Total	¥ 124,446	¥ 125,722	¥ 1,276

	Thousands of U.S. Dollars		
March 31, 2015	*Carrying Amount*	*Fair Value*	*Unrealized Gain/Loss*
Cash and cash equivalents	**$ 189,045**	**$ 189,045**	
Time deposits other than cash equivalents	**8,976**	**8,976**	
Trade receivables	**210,386**	**210,386**	
Marketable and investment securities	**122,125**	**122,125**	
Total	**$ 530,532**	**$ 530,532**	
Trade payables	**$ 113,995**	**$ 113,995**	
Short-term debt	**49,917**	**49,917**	
Long-term debt	**990,950**	**998,180**	**$ 7,230**
Total	**$ 1,154,862**	**$ 1,162,092**	**$ 7,230**
Derivative transaction	**$ (1)**	**$ (1)**	

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

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

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

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

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

Derivative Transactions
The fair values of derivative transactions are measured at the price indicated by financial institutions. Information on special treatment of interest rate swaps is included in Note 18.

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

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	**2015**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 1,924**	¥ 1,923	**$ 16,013**

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

	Millions of Yen			
March 31, 2015	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**¥ 22,717**			
Time deposits other than cash equivalents	**1,079**			
Trade receivables	**25,282**			
Total	**¥ 49,078**			

	Millions of Yen			
March 31, 2014	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	¥ 15,943			
Time deposits other than cash equivalents	559			
Trade receivables	22,091			
Investment securities:				
Available-for-sale securities with contractual maturities	20			
Total	¥ 38,613			

	Thousands of U.S. Dollars			
March 31, 2015	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	**$ 189,045**			
Time deposits other than cash equivalents	**8,976**			
Trade receivables	**210,386**			
Total	**$ 408,407**			

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

15. CONTINGENT LIABILITIES

At March 31, 2015, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees of loans	¥ 1,134	$ 9,438
Trade notes endorsed	9	74

16. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 2,804	¥ 1,266	$ 23,336
Reclassification adjustments to gain	(237)	27	(1,976)
Amount before income tax effect	2,567	1,293	21,360
Income tax effect	(627)	(437)	(5,213)
Total	1,940	856	16,147
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year			(1)
Reclassification adjustments to loss		(4)	
Amount before income tax effect		(4)	
Income tax effect			(1)
Total		(4)	(1)
Foreign currency translation adjustments:			
Gains arising during the year	1,958	2,849	16,290
Reclassification adjustments to gain		6	
Total	1,958	2,855	16,290
Share of other comprehensive income in associates:			
Gains arising during the year	493	544	4,105
Reclassification adjustments to loss		(24)	
Total	493	520	4,105
Defined retirement benefit plans:			
Adjustments arising during the year	1,177		9,798
Reclassification adjustments to loss	(117)		(975)
Amount before income tax effect	1,060		8,823
Income tax effect	(287)		(2,392)
Total	773		6,431
Total other comprehensive income	¥ 5,164	¥ 4,227	$ 42,971

17. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2015 and 2014, was as follows:

	Millions of Yen	*Thousands of Shares*	*Yen*	*U.S. Dollars*
Year Ended March 31, 2015	*Net Income*	*Weighted-average Shares*	*EPS*	
Basic EPS:				
Net income	**¥ 1,213**			
Net income available to common shareholders	**¥ 1,213**	**124,188**	**¥ 9.76**	**$ 0.08**

	Millions of Yen	*Thousands of Shares*	*Yen*
Year Ended March 31, 2014	*Net Income*	*Weighted-average Shares*	*EPS*
Basic EPS:			
Net income	¥ 4,492		
Net income available to common shareholders	¥ 4,492	124,191	¥ 36.17

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

18. DERIVATIVES

Derivative transactions to which hedge accounting is applied:

	Millions of Yen			
	Hedged Item	*Contract Amount*	*Contract Amount due after One Year*	*Fair Value*
March 31, 2015				
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	**¥ 1,650**	**¥ 1,650**	(Note)

	Thousands of U.S. Dollars			
	Hedged Item	*Contract Amount*	*Contract Amount due after One Year*	*Fair Value*
March 31, 2015				
Interest rate swaps: (fixed rate payment, floating rate receipt)	Long-term debt	**$ 13,731**	**$ 13,731**	(Note)

Note: The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of hedged items (i.e. long-term debt).

19. SUBSEQUENT EVENTS

For the year ended March 31, 2015

a. Appropriations of Retained Earnings

At the Board of Directors' meeting held on May 11, 2015, the following appropriation of retained earnings at March 31, 2015, was approved:

	Millions of Yen	*Thousands of U.S. Dollars*
Year-end cash dividends, ¥5.00 ($0.04) per share	**¥ 621**	**$ 5,167**

b. Acquisition through Purchase of Shares

The Company and Sony Corporation concluded definitive agreements pursuant to which Sony Group will accept capital investments from the Company into the logistics business that Sony operates in Japan, Thailand, and Malaysia through its subsidiaries, thereby establishing a joint venture. The Company entered into a share purchase agreement on December 22, 2014 and acquired 66% of all the shares on April 1, 2015.

1. (1) Details of acquired company

Name: Sony Supply Chain Solutions, Inc.

Business: Logistics business

Equity: ¥1,550 million ($12,898 thousand)

(2) Overview of the objectives
The Group developed its medium-term management plan “MOVE 2013” in order to accelerate growth of the entire group and realize its business strategies. The plan identifies development and deployment of platform-based services as a central business policy, along with the concentration of investments mainly in the Asia-Pacific sector. The agreement with Sony will permit the Company to benefit from and utilize Sony Group's experienced human resources and global distribution services framework, including Sony Group's experience in closely coordinating distribution and production plans. This will enable the Company to establish platform-based services that take the entire supply chain – from the procurement of components to manufacture to sales – into consideration and, thereby, expand direct sales of its distribution business.
(3) Date of business combination
April 1, 2015
(4) Legal form of the business combination
Acquisition of 66% of the shares
(5) Name of the acquired company after reorganization
Mitsui-Soko Supply Chain Solutions, Inc.
(6) Acquired voting right ratios
Voting right ratio immediately before acquisition: 0%
Additional voting right ratio secured upon acquisition date (2,046,000 shares): 66%
Total voting right ratio following acquisition: 66%
(7) Main basis behind the determination of the acquiring company
The Company acquired 66% of the shares of Sony Supply Chain Solutions, Inc. by cash.
2. Cost of acquisition and form of consideration
The provisional acquisition cost was ¥ 7,500 million ($62,412 thousand) and the consideration was made in cash. The final acquisition cost, however, will be determined after adjusting the equity transfer price.
3. Sources and methods of the Payment Fund
Internally generated funds and borrowings

c. Acquisition through Purchase of Shares
At the Board of Directors' meeting held on May 11, 2015, the Company decided to acquire all shares of Prime Cargo A/S in Denmark and Prime Cargo (H.K.) Limited in Hong Kong in order to make them subsidiaries.
1. (1) Details of acquired company
1. Name: Prime Cargo A/S
Business: Sea freight and air freight shipping, distribution processing
Equity: DKK 1.8 million
2. Name: Prime Cargo (H.K.) Limited
Business: Sea freight and air freight shipping
Equity: HKD 54 thousand
(2) Overview of the objectives
The Group aims to strengthen its business foundation in North Europe and further reinforce its presence in Europe.
(3) Date of business combination
May 29, 2015
(4) Legal form of the business combination
Acquisition of all the shares of Prime Cargo A/S and Prime Cargo (H.K.) Limited
(5) Acquired voting right ratios
Prime Cargo A/S
Voting right ratio immediately before acquisition: 0%
Additional voting right ratio secured upon acquisition date (1,800,000 shares): 100%
Total voting right ratio following acquisition: 100%
Prime Cargo (H.K.) Limited
Voting right ratio immediately before acquisition: 0%
Additional voting right ratio secured upon acquisition date (54,000 shares): 100%
Total voting right ratio following acquisition: 100%
(6) Main basis behind the determination of the acquiring company
Prime Cargo A/S
Mitsui-Soko (Europe) s.r.o. acquired the shares by cash.
Prime Cargo (H.K.) Limited
Mitex International (Hong Kong) Ltd. acquired the shares by cash.
2. Cost of acquisition and form of consideration
Prime Cargo A/S: DKK 145 million (estimate)
Prime Cargo (H.K.) Limited: DKK 145 million (estimate)
3. Sources and methods of the Payment Fund
Internally generated funds and borrowings

20. SEGMENT INFORMATION

For the years ended March 31, 2015 and 2014

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

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of Warehouse, Port Terminal, Global Flow, Global Express, Logistics Systems, BPO, and Real Estate. Warehouse consists of services such as warehousing, transportation, and distribution processing to companies in Japan. Port Terminal consists of port-related work and operations to shipping companies. Global Flow consists of logistics services provided by overseas group companies. Global Express provides consolidated air cargo services and related logistics services. Logistics Systems provides services 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, 2014, the Group combined Global Network and International Transportation into Global Flow, and Air Cargo was renamed Global Express.

The segment information for the year ended March 31, 2014, 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										
	2015										
	Reportable segment										
	Warehouse	*Port Terminal*	*Global Flow*	*Global Express*	*Logistics Systems*	*BPO*	*Real Estate*	*Other*	*Total*	*Eliminations/ Corporate*	*Consoli-dated*
Sales:											
Sales to external customers	¥ 45,568	¥ 14,415	¥ 31,829	¥ 29,154	¥ 32,818	¥ 6,513	¥ 9,921	¥ 268	¥ 170,486		¥ 170,486
Intersegment sales or transfers	2,829		507	276	792	409	557	2,477	7,847	¥ (7,847)	
Total	48,397	14,415	32,336	29,430	33,610	6,922	10,478	2,745	178,333	(7,847)	170,486
Segment profit	2,349	542	744	3,488	397	14	5,872	(1,407)	11,999	(5,887)	6,112
Segment assets	19,541	4,995	36,330	17,482	16,817	2,531	44,335	72,442	214,473	30,740	245,213
Other:											
Depreciation	1,034	167	580	98	330	375	2,160	2,093	6,837	238	7,075
Investments in associates accounted for using the equity method			4,493	178					4,671		4,671
Increase in property, plant and equipment and intangible assets	226	381	3,550	47	399	81	4,147	5,977	14,808	202	15,010

Notes to Consolidated Financial Statements

	Millions of Yen										
	2014										
	Reportable segment										
	Warehouse	*Port Terminal*	*Global Flow*	*Global Express*	*Logistics Systems*	*BPO*	*Real Estate*	*Other*	*Total*	*Eliminations/ Corporate*	*Consoli-dated*
Sales:											
Sales to external customers	¥ 46,118	¥ 15,372	¥ 26,534	¥ 22,835	¥ 33,350	¥ 6,537	¥ 10,451	¥ 339	¥ 161,536		¥ 161,536
Intersegment sales or transfers	1,059		111	282	1,107	67	599	2,269	5,494	¥ (5,494)	
Total	47,177	15,372	26,645	23,117	34,457	6,604	11,050	2,608	167,030	(5,494)	161,536
Segment profit	2,132	893	555	2,062	944	67	6,397	(1,710)	11,340	(5,845)	5,495
Segment assets	15,893	4,727	27,332	13,027	20,036	2,552	43,658	69,803	197,028	23,700	220,728
Other:											
Depreciation	1,137	128	432	79	296	409	2,289	2,272	7,042	217	7,259
Investments in associates accounted for using the equity method			3,393	474					3,867		3,867
Increase in property, plant and equipment and intangible assets	488	206	3,232	65	1,005	104	1,111	2,062	8,273	62	8,335

	Thousands of U.S. Dollars										
	2015										
	Reportable segment										
	Warehouse	*Port Terminal*	*Global Flow*	*Global Express*	*Logistics Systems*	*BPO*	*Real Estate*	*Other*	*Total*	*Eliminations/ Corporate*	*Consoli-dated*
Sales:											
Sales to external customers	**$ 379,198**	**$ 119,957**	**$ 264,865**	**$ 242,609**	**$ 273,095**	**$ 54,194**	**$ 82,558**	**$ 2,231**	**$1,418,707**		**$1,418,707**
Intersegment sales or transfers	**23,539**		**4,215**	**2,294**	**6,592**	**3,402**	**4,634**	**20,616**	**65,292**	**$ (65,292)**	
Total	**402,737**	**119,957**	**269,080**	**244,903**	**279,687**	**57,596**	**87,192**	**22,847**	**1,483,999**	**(65,292)**	**1,418,707**
Segment profit	**19,545**	**4,508**	**6,189**	**29,026**	**3,304**	**114**	**48,868**	**(11,698)**	**99,856**	**(48,991)**	**50,865**
Segment assets	**162,614**	**41,570**	**302,326**	**145,477**	**139,948**	**21,066**	**368,933**	**602,821**	**1,784,755**	**255,800**	**2,040,555**
Other:											
Depreciation	**8,602**	**1,393**	**4,827**	**818**	**2,746**	**3,119**	**17,978**	**17,419**	**56,902**	**1,971**	**58,873**
Investments in associates accounted for using the equity method			**37,392**	**1,477**					**38,869**		**38,869**
Increase in property, plant and equipment and intangible assets	**1,882**	**3,174**	**29,538**	**390**	**3,318**	**671**	**34,509**	**49,739**	**123,221**	**1,683**	**124,904**

Notes: 1. “Other” consists of services such as financial and accounting services and information systems operated by subsidiaries.

2. “Eliminations/Corporate” consists of the following:

1) Segment loss of ¥5,887 million ($48,991 thousand) in 2015 and ¥5,845 million in 2014, which are included in “Eliminations/Corporate,” consists of expenses of ¥4,074 million ($33,898 thousand) and ¥4,034 million incurred by the administrative section of the Company and amortization of goodwill of ¥1,814 million ($15,092 thousand) and ¥1,811 million.

2) Total assets of ¥30,740 million ($255,800 thousand) in 2015 and ¥23,700 million in 2014, which are included in “Eliminations/Corporate,” consist of assets of ¥34,944 million ($290,789 thousand), ¥24,554 million in the administrative section of the Company, goodwill of ¥21,100 million ($175,589 thousand) and ¥22,910 million and elimination of intersegment transaction of ¥25,305 million ($210,578 thousand) and ¥23,764 million.

3) The increase in tangible and intangible fixed assets of ¥202 million ($1,683 thousand) in 2015, which is included in Eliminations/Corporate,” consists of ¥27 million ($226 thousand) of the administrative section of the Company and amortization of goodwill of ¥175 million ($1,457 thousand). The increase in tangible and intangible fixed assets of ¥62 million in 2014, which is included in “Eliminations/Corporate,” consists of increases of ¥5 million in the administrative section of the Company and amortization of goodwill of ¥57 million.

3. Segment profit is adjusted to operating income in the consolidated statement of income.

(4) Information about Geographical Areas

Sales

Millions of Yen			Millions of Yen			Thousands of U.S. Dollars		
2015			2014			**2015**		
Japan	Other	Total	Japan	Other	Total	Japan	Other	Total
¥ 140,577	**¥ 29,909**	**¥ 170,486**	¥ 138,606	¥ 22,930	¥ 161,536	**$ 1,169,820**	**$ 248,887**	**$ 1,418,707**

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

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

Segment loss on impairment of fixed assets for the year ended March 31, 2015 was nil and for the year ended March 31, 2014 was ¥89 million in the BPO segment. This segment loss was incurred as a result of business restructuring of subsidiaries and affiliates and reported in loss on business restructuring of subsidiaries and affiliates.

(6) Information about Goodwill by Segment

	Millions of Yen							
	2015							
	Warehouse	Port Terminal	Global Flow	Global Express	Logistics Systems	BPO	Real Estate	Total
Amortization of goodwill			**¥ 84**	**¥ 689**	**¥ 1,035**	**¥ 6**		**¥ 1,814**
Goodwill at March 31, 2015			**657**	**4,743**	**15,652**	**49**		**21,101**

	Millions of Yen							
	2014							
	Warehouse	Port Terminal	Global Flow	Global Express	Logistics Systems	BPO	Real Estate	Total
Amortization of goodwill			¥ 82	¥ 689	¥ 1,035	¥ 5		¥ 1,811
Goodwill at March 31, 2014			736	5,432	16,687	55		22,910

	Thousands of U.S. Dollars							
	2015							
	Warehouse	Port Terminal	Global Network	Global Express	Logistics Systems	BPO	Real Estate	Total
Amortization of goodwill			**$ 696**	**$ 5,734**	**$ 8,615**	**$ 47**		**$ 15,092**
Goodwill at March 31, 2015			**5,464**	**39,465**	**130,245**	**415**		**175,589**

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
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Japan

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of MITSUI-SOKO HOLDINGS Co., Ltd. (formerly, MITSUI-SOKO Co., Ltd.) and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MITSUI-SOKO HOLDINGS Co., Ltd. and its consolidated subsidiaries as of March 31, 2015, 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.

Member of
Deloitte Touche Tohmatsu Limited

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 25, 2015

Mitsui-Soko Group Network

As of March 31, 2015

Company Name	Location	Main Business
■ Mitsui-Soko Holdings Co., Ltd.	Tokyo	Holding company / Real estate business
Mitsui-Soko Bizport Co., Ltd.	Tokyo	Financial and accounting services
■ Mitsui-Soko Co., Ltd.	Tokyo	Warehousing / Seaport operations
Mitsui-Soko Kyushu Co., Ltd.	Fukuoka	Warehousing / Seaport operations / Cargo forwarding
IM Express Co., Ltd.	Tokyo	Overland cargo transport / Cargo forwarding
Sanso K.K.	Tokyo	Warehouse cargo handling
Toko Maruraku Transportation Co., Ltd.	Kanagawa	Seaport operations / Cargo forwarding
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
Mitsunori Corporation	Fukui	Warehousing / Overland cargo transport / Cargo forwarding
Mitsui Warehouse Terminal Service Co., Ltd.	Osaka	Seaport operations / Overland cargo transport / Cargo forwarding
Sanyu Service Co., Ltd.	Osaka	Warehouse cargo handling
Kobe Sunso Koun Co., Ltd.	Hyogo	Warehouse cargo handling / Seaport operations
Sun Transport Co., Ltd.	Hyogo	Overland cargo transport / Cargo forwarding
MK Services Co., Ltd.	Hyogo	Distribution processing
Seiyu Koun Co., Ltd.	Fukuoka	Warehouse cargo handling / Seaport operations
Hakata Sanso-Butsuryu Co., Ltd.	Fukuoka	Warehouse cargo handling / Overland cargo transport
■ Mitsui-Soko International PTE. LTD.	Singapore	Overall management of subsidiaries / Warehouse leasing
Mitsui-Soko International Japan Co., Ltd.	Tokyo	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko NEA Co., Ltd.	Tokyo	Overall management of subsidiaries in North East Asia region
Mitsui-Soko (China) Investment Co., Ltd.	China	Overall management and investment of subsidiaries in China
Mitex Logistics (Shanghai) Co., Ltd.	China	International combined transport / Warehousing / Cargo forwarding / Distribution processing
MSC Trading (Shanghai) Co., Ltd.	China	Trading agency
Shanghai MITS Commerce & Trade Co., Ltd.	China	Trading agency / Retailing
Mitex Shenzhen Logistics Co., Ltd.	China	International combined transport / Warehousing / Cargo forwarding / Distribution processing
Nantong Sinavico International Logistics Co., Ltd.	China	Warehousing
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
Mitsui-Soko (Singapore) Pte. Ltd.	Singapore	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko Southeast Asia Pte. Ltd.	Singapore	Overall management of subsidiaries in South East Asia region
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
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
PT Mitsui-Soko Indonesia	Indonesia	Warehousing / Seaport operations / Cargo forwarding
Mitsui-Soko (Philippines), Inc.	Philippines	International combined transport / Warehousing / Cargo forwarding
Mitsui-Soko (U.S.A.) Inc.	U.S.A.	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
Shanghai Jinjiang Mitsui-Soko International Logistics Co., Ltd. *	China	Cargo forwarding
Joint Venture Sunrise Logistics Co., Ltd. *	Vietnam	International combined transport / Warehousing / Cargo forwarding
AW Rostamani Logistics LLC *	U.A.E.	International combined transport / Warehousing / Cargo forwarding
■ Mitsui-Soko Express Co., Ltd.	Tokyo	Air freight transport
MSE China (Guangzhou) Co., Ltd.	China	Cargo forwarding
MSE Express America, Inc.	U.S.A.	Cargo forwarding
MSE Express Do Brasil Participacoes Ltda.	Brazil	Cargo forwarding
MSE Express (Thailand) Co., Ltd.	Thailand	Cargo forwarding
N.V. MSE Europe S.A.	Belgium	Cargo forwarding
MS Express South Africa (Pty) Ltd.	South Africa	Cargo forwarding
MSE China (Beijing) Co., Ltd. *	China	Cargo forwarding
PT. Puninar MSE Indonesia *	Indonesia	Cargo forwarding
MSE Forwarders India Pvt. Ltd. *	India	Cargo forwarding
■ Mitsui-Soko Logistics Co., Ltd.	Osaka	Cargo forwarding / Warehousing
Hokkaimitsui-Soko Logistics Co., Ltd.	Hokkaido	Warehousing / Cargo forwarding
M·S Logistics Co., Ltd.	Saitama	Warehouse management and operations
■ Mitsui-Soko Business Trust Co., Ltd.	Tokyo	BPO business
Mitsui-Soko Business Partners Co., Ltd.	Tokyo	BPO business / Data management services / Insurance

■:Holding company and Major operating companies
*Equity-method affiliates

Corporate Information / Investors Information

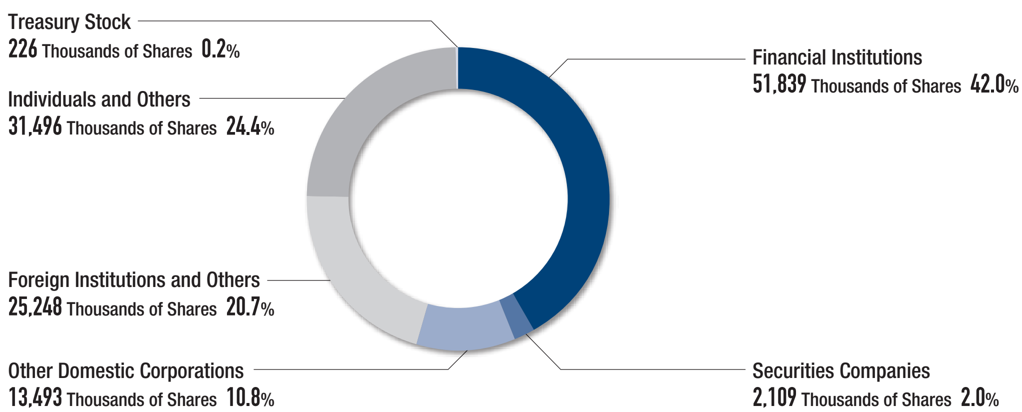
As of March 31, 2015

Company Name	MITSUI-SOKO HOLDINGS CO., LTD.
Date of Establishment	October 11, 1909
Head Office	20-1, Nishi-shimbashi 3-chome, Minato-ku, Tokyo, 105-0003 Japan Phone: +81 (0)3-6400-8000 Fax: +81 (0)3-6880-9900
Paid-in Capital	¥11,100,714,274
Number of Employees	4,465 (consolidated base) 842 (non-consolidated base) *713 loaned personnel included
URL	http://msh.mitsui-soko.com
Common Stock	Authorized-400,000,000 shares Issued-124,415,013 shares
Stock Exchange Listings	Tokyo (#9302)
Trading Unit	1,000 shares
Shareholder Register Agent	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Office (The company's Stock Transfer Agency Business Planning Department) 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

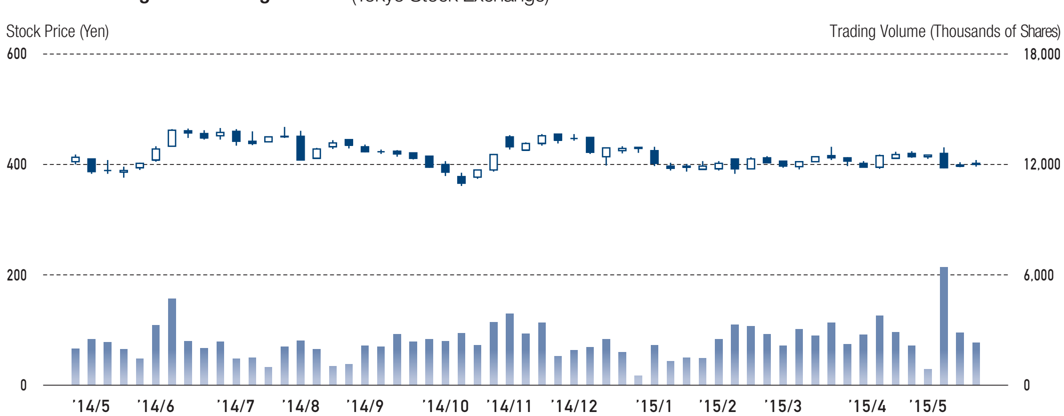
Major Shareholders	Thousands of Shares	Percentage of Shares Held (%)
MITSUI LIFE INSURANCE COMPANY LIMITED	7,846	6.32
Japan Trustee Services Bank, Ltd. (Trust Account)	7,433	5.99
Mitsui Sumitomo Insurance Company, Limited	7,005	5.64
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT	6,158	4.96
Sumitomo Mitsui Banking Corporation	3,484	2.81
RBC ISB A/C DUB NON RESIDENT - TREATY RATE	3,375	2.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,112	2.51
Takenaka Corporation	2,484	2.00
MITSUI-SOKO Group Employees' Shareholding Society	2,289	1.84
CBNY-GOVERNMENT OF NORWAY	2,251	1.81

Note: Percentage of shares held is calculated excluding treasury stock (226,925 shares).

Composition of Shareholders



Stock Price Range and Trading Volume (Tokyo Stock Exchange)



MITSUI-SOKO HOLDINGS

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