



To Our Shareholders

MC Achieved Forecasted Full-Year Consolidated Net Income of 440.0 Billion yen  
Paying Record-High Annual Dividend of 80 yen

June 2017  
Takehiko Kakiuchi  
President and CEO

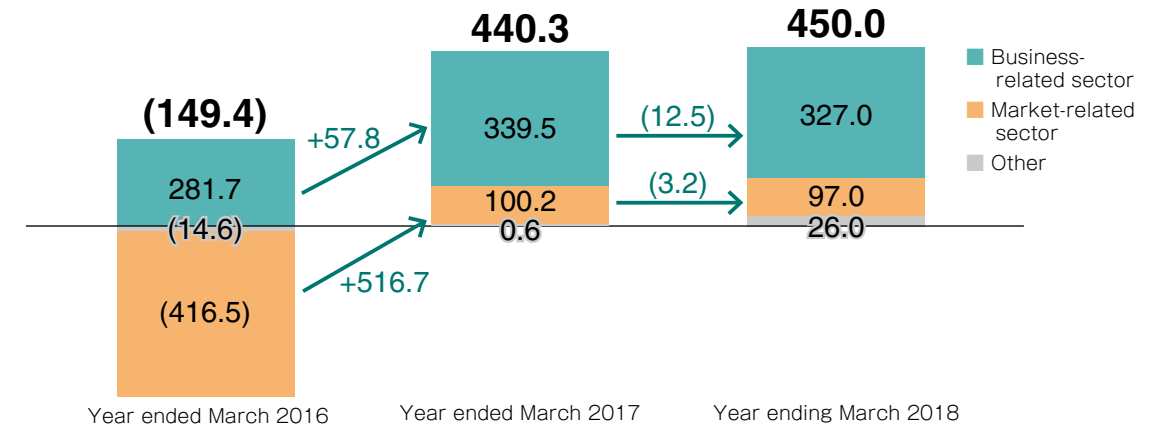
FY2016 Financial Statements

First of all, I would like to express our sincere appreciation for your continued support.

I am reporting to you our financial results for the year ended March 2017.

MC Group's consolidated net income for the year ended March 2017 was 440.3 billion yen, an increase of 589.7 billion yen year over year, achieving the forecasted 440.0 billion yen we announced on February 2, 2017. From this financial reporting, our business fields are categorized into "market-related sector" and "business-related sector" based on market risk sensitivity, instead of the existing "resource fields" and "non-resource fields." In the business-related sector, earnings increased 57.8 billion yen year over year mainly due to one-off gains recognized through acquiring Lawson as a subsidiary and increased earnings in the salmon farming business. In the market-related sector, earnings increased 516.7 billion yen year over year mainly due to reduced production costs and higher market prices in the Australian coal business and the rebound from major losses recorded in the previous fiscal year.

Results and Forecasts



Revised categorization

Category	Previous	Revised
Non resource	Power generation/Ships(commercial vessels)/ Retail/Motor vehicles/ Life science/Real estate/ etc.	Business-related sector
Resource	Mineral resources(coking coal, copper, etc.)/ North American shale gas/LNG/ etc.	Market-related sector

Forecasts for the Full-Year Ending March 2018

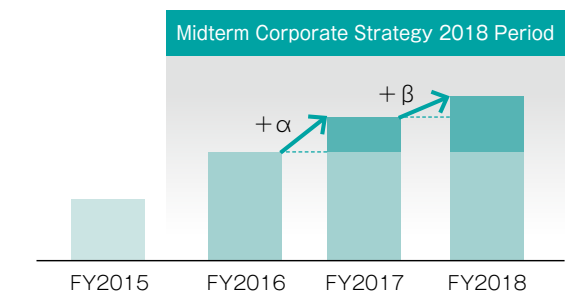
In our forecasts for the full-year ending March 2018, earnings in the business-related sector are expected to increase, excluding the one-off gains from the previous fiscal year, and earnings in the market-related sector are expected to decrease mainly due to lower earnings from the

Australian coal business due to lower market prices. However, anticipating other income from corporate-wide growth investments, we aim to achieve a consolidated net income of 450.0 billion yen for the year ending March 2018.

Dividend

Under the "Midterm Corporate Strategy 2018," we focus on dividend as basic approach to returning value to shareholders, and increase dividend flexibly with sustainable earning growth based on a progressive dividend scheme. In light of the financial results for the year ended March 2017, the forecasts for the year ending March 2018 and cash flows, the annual dividend per share for the year ending March 2017 have been set at 80 yen, the highest ever and 10 yen more than 70 yen that we announced on February 2, 2017.

Shareholder Returns Policy



# MC Released “Growth Beyond Midterm Corporate Strategy 2018”

## Progress of Midterm Corporate Strategy 2018

On May 9, 2017, we announced the progress of the “Midterm Corporate Strategy 2018” and the image of growth in the future. In the year ended March 2017, MC completed the introduction of the framework based on its management directions under the “Midterm Corporate Strategy 2018,” and we are confident that MC will be able to achieve the goals set by the Strategy.

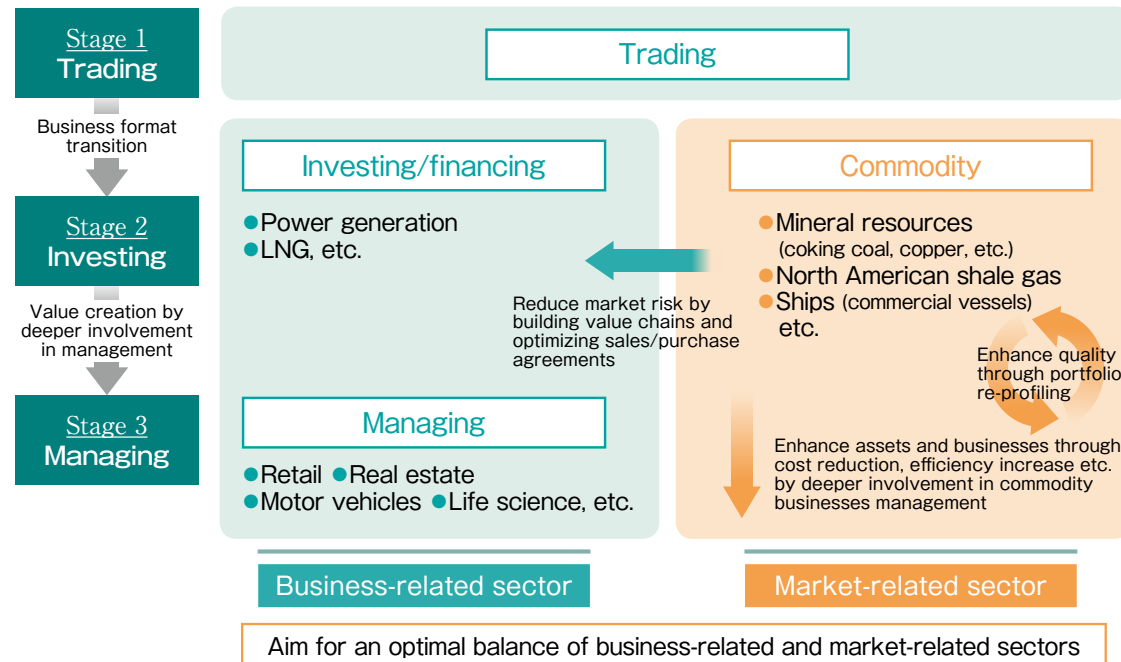
With our business fields categorized into “market-related sector” and “business-related sector,” we will assume an optimal portfolio balance by the fiscal year ended March 31, 2019 by keeping the “market-related” portfolio size unchanged. Furthermore, we have introduced a framework

to make the shift toward “managing” businesses visible by dividing the “business-related sector” into three sub-categories. This clarified the direction toward growth as value creation leveraging management capabilities.

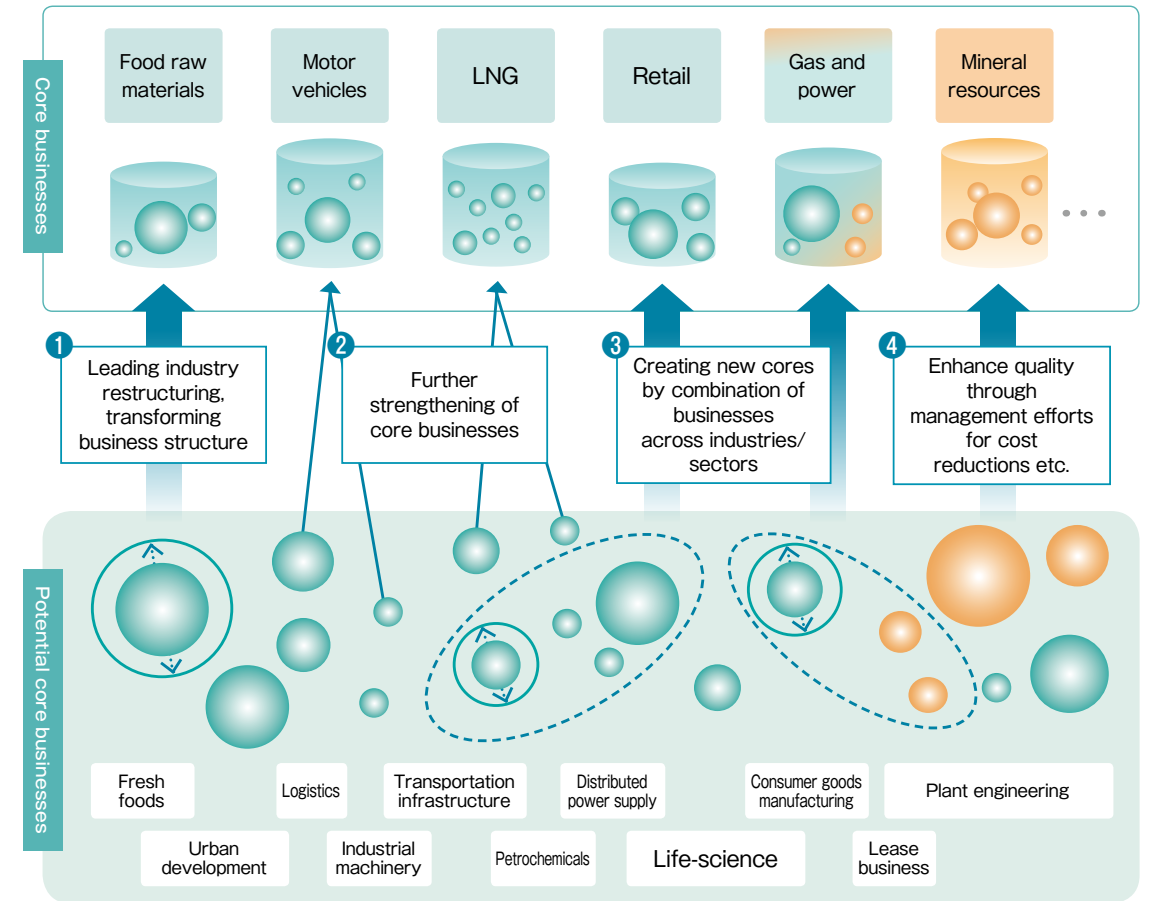
In addition, we will increase the number of options in capital allocation policy and drive companywide growth beyond the business segment boundaries by retaining a fixed percentage of business segments profits on the corporate level.

We have steadily promoted autonomous management of the business segments by continuing cash-flow-focused management at the business segment level.

■ Introduce a framework to make the shift toward “managing” businesses



■ Future of the MC Group



We will create multiple core businesses by further advancing the shift to “managing” businesses along with driving companywide growth through the newly introduced framework. In addition to businesses expected as core businesses, at this point in time, we have a large number of potential core businesses within our business portfolio. MC

will dynamically allocate management resources to develop core businesses. Through those efforts, we will become a company that will constantly seek next growth opportunities and core businesses for the next generation, while realizing not only economic values but also social and environmental values at the same time.