
**FINANCIAL RESULTS FOR
THE YEAR ENDED MARCH 2017**

Mitsubishi Corporation

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FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2017

(Based on IFRS) (Consolidated)

1. Consolidated operating results for the year ended March 31, 2017

(1) Revenues and income

Note:
Figures less than one million yen are rounded.
%: change from the previous year

	Revenues		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the year ended March 31, 2017	6,425,761	(7.2)	601,440	—	480,074	—	440,293	—	497,323	—
March 31, 2016	6,925,582	(9.7)	(92,823)	—	(132,664)	—	(149,395)	—	(810,395)	—

	Profit for the year attributable to owners of the Parent per share (basic)		Profit for the year attributable to owners of the Parent per share (diluted)		Return on equity attributable to owners of the Parent		Pre-tax income to total assets ratio	
	Yen	%	Yen	%	Yen	%	%	%
For the year ended March 31, 2017	277.79	—	277.16	—	9.3	—	3.9	—
March 31, 2016	(93.68)	—	(93.68)	—	(2.9)	—	(0.6)	—

Share of profit of investments accounted for using the equity method for the years ended March 31, 2017 and 2016 were 117,450 million and (175,389) million respectively.

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to total assets	Equity per share attributable to owners of the Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2017	15,753,557	5,789,011	4,917,247	31.2	3,101.43
March 31, 2016	14,916,256	5,017,522	4,592,516	30.8	2,898.23

(3) Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
For the year ended March 31, 2017	583,004	(179,585)	(752,162)	1,145,514
March 31, 2016	700,105	(503,854)	(364,528)	1,500,960

2. Dividends

(Record date)	Cash dividends per share (Yen)					Cash dividends (annual)	Payout ratio (consolidated)	Dividends on equity attributable to owners of the Parent (consolidated)
	1Q end	2Q end	3Q end	4Q end	Annual	Millions of Yen	%	%
March 31, 2016	—	25.00	—	25.00	50.00	79,226	—	1.6
March 31, 2017	—	30.00	—	50.00	80.00	126,831	28.8	2.7
March 31, 2018 (Forecast)	—	40.00	—	40.00	80.00	—	28.2	—

Scheduled dividends payment date: June 26, 2017.

3. Consolidated forecasts for the fiscal year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

Note:
%: change from the previous year.

	Profit attributable to owners of the Parent		Profit attributable to owners of the Parent per share	
	Millions of Yen	%	Yen	%
For the year ending March 31, 2018	450,000	2.2	283.83	—

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation) : Yes

New companies : 1 (Lawson, Inc.)

Excluded companies : 1 (CORDOVA GAS RESOURCES LTD.)

Lawson, Inc. became a consolidated subsidiary from the year ended March 2017. CORDOVA GAS RESOURCES LTD. was excluded from the scope of consolidation of Mitsubishi Corporation due to the divestiture of its shares to a third party from the year ended March 2017.

(2) Changes in accounting principles, and accounting estimate

-1- Changes in accounting principles required by IFRS: Yes

-2- Changes other than -1-: None

-3- Changes in accounting estimate: Yes

Please refer to page 19, "(1) Changes in Accounting Policies and Changes in Accounting Estimates" under "2. Notes Concerning Consolidated Financial Statements" of "Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements".

(3) Number of shares issued (Common stock)

-1- Number of shares issued at year-end (including treasury stock)	(March 31, 2017)	1,590,076,851	(March 31, 2016)	1,590,076,851
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-2- Number of treasury stock at year-end	(March 31, 2017)	4,597,223	(March 31, 2016)	5,482,335
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-3- Average number of shares during each of the following fiscal years	(March 31, 2017)	1,584,995,082	(March 31, 2016)	1,594,779,417
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Please refer to page 21, "(3) Earnings Per Share" under "2. Notes Concerning Consolidated Financial Statements" of "Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements" regarding the number of shares that serve as the basis for calculating consolidated profit for the year attributable to Mitsubishi Corporation per share.

Disclosure Regarding Audit Procedures

This earnings release is not subject to audit procedures.

Forward-looking Statements

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons. For cautionary notes concerning assumptions for earnings forecasts and use of earnings forecasts, please refer to page 5, "2 Forecasts for the Year Ending March 2018" of "Operating Results and Financial Position".

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※ Mitsubishi Corporation will hold an earnings conference in Tokyo for the year ended March 2017 on May 11, 2017 (Thursday) from 16:00 to 17:30 (Japan Time), inviting institutional investors and analysts to join.

The conference material will be accessible in Japanese from the following URL:

<http://www.mitsubishicorp.com/jp/ja/ir/index.html>

(English interpretation of the conference call will be posted on our web site as soon as it becomes available.)

Operating Results and Financial Position

1. Operating Results and Financial Position of the Year Ended March 2017

(Profit for the year, as used hereinafter, refers to profit for the year attributable to owners of the Parent.)

(1) Summary of the Year Ended March 2017 Results

Revenues were 6,425.8 billion yen, a decrease of 499.8 billion yen, or 7% year over year, due in part to lower sales volumes and the impact of exchange rates.

Gross profit was 1,328.6 billion yen, an increase of 229.7 billion yen, or 21% year over year, mainly due to reduced production costs in the Australian coal business and the significant contribution of higher market prices, despite changes in consolidation of certain consolidated subsidiaries.

Selling, general and administrative expenses improved 83.4 billion yen, or 8% year over year, to 932.6 billion yen, due to changes in consolidation of certain consolidated subsidiaries and the impact of exchange rates.

Gains on investments increased 37.0 billion yen, or 80% year over year, to 83.3 billion yen, mainly due to one-off gains associated with the management integration of related companies and a rebound from impairment losses recognized in the previous fiscal year.

Share of profits of investments accounted for using the equity method increased 292.9 billion yen year over year, to 117.5 billion yen, mainly due to a rebound from impairment losses on resource-related assets recorded in the previous fiscal year.

As a result, profit for the year grew 589.7 billion yen year over year, to 440.3 billion yen.

(2) Segment Information

1) Global Environmental & Infrastructure Business Group

The Global Environmental & Infrastructure Business Group conducts environmental and infrastructure projects, related trading operations and other activities in power generation, water, transportation and other fields that serve as a foundation for industry.

The segment recorded profit for the year of 23.4 billion yen, a decrease of 5.8 billion yen year over year.

The lower earnings mainly reflected an absence of one-off gains recorded in the previous fiscal year and lower equity income from Chiyoda Corporation, although income from the overseas power generation business increased.

2) Industrial Finance, Logistics & Development Group

The Industrial Finance, Logistics & Development Group conducts an investment and operation business. These businesses include corporate investment, leasing, real estate, and logistics services.

The segment recorded profit for the year of 35.5 billion yen, a decrease of 4.8 billion yen year over year.

The lower earnings mainly reflected a decrease in earnings from the China real estate business, the aircraft-related business, and the lease business.

3) Energy Business Group

The Energy Business Group conducts a number of activities including natural gas and oil exploration, production and development business; liquefied natural gas (LNG) business; trading of crude oil, petroleum products, carbon materials and products, and liquefied petroleum gas (LPG); and planning and development of new energy business.

The segment recorded profit for the year of 55.5 billion yen, an increase of 65.3 billion yen year over year.

The higher earnings mainly reflected a rebound from impairment losses recorded in the previous fiscal year; one-off gains on business restructuring in the shale gas business, including 16.4 billion yen in other income (expense)–net; and sales of investment in the Asia E&P business.

4) Metals Group

The Metals Group trades, develops business, and invests in a range of fields. These include steel products such as steel sheets and thick plates, steel raw materials such as coking coal and iron ore, and non-ferrous raw materials and products such as copper and aluminum.

The segment recorded profit for the year of 147.9 billion yen, an increase of 508.6 billion yen year over year.

The higher earnings mainly reflected a rebound from impairment losses recorded in the previous fiscal year and increased earnings in the Australian coal business due to reduced production costs and higher market prices.

5) Machinery Group

The Machinery Group handles sales, finance and logistics across many different sectors, in which it also invests. These fields include machine tools, agricultural machinery, construction machinery, mining machinery, elevators, escalators, ships, aerospace-related equipment and motor vehicles.

The segment recorded profit for the year of 29.4 billion yen, a decrease of 32.8 billion yen year over year.

This decrease mainly reflected impairment losses recorded in the ship-related business.

6) Chemicals Group

The Chemicals Group trades chemical products in a broad range of fields, in which it also develops business and invests. These fields extend from basic materials such as ethylene, methanol, and salt produced from crude oil, natural gas, minerals, plants, marine resources and so forth, to midstream and downstream products such as plastics, electronic materials, food ingredients, fertilizer, and fine chemicals.

The segment recorded profit for the year of 26.7 billion yen, a decrease of 3.8 billion yen year over year.

The lower earnings mainly reflected a decrease in equity income from the petrochemical-related business due to lower market prices and yen appreciation.

7) Living Essentials Group

The Living Essentials Group provides products and services and develops businesses in various fields closely linked with people's lives, including food products and food, apparel, everyday products, healthcare, and items central to consumer lifestyles. These fields extend from the procurement of raw materials to distribution and retail.

The segment recorded profit for the year of 121.3 billion yen, an increase of 47.8 billion yen year over year.

This increase mainly reflected an increase in earnings from the salmon farming business due to market price recovery, and one-off gains recognized through acquiring Lawson as a subsidiary and the management integration of related companies in the meat business.

(3) Changes in Assets, Liabilities and Equity

Total assets as of March 31, 2017 was 15,753.6 billion yen, an increase of 837.3 billion yen from March 31, 2016, mainly due to a rise in intangible assets and goodwill because of the acquisition of Lawson as a subsidiary.

Total liabilities was 9,964.5 billion yen, an increase of 65.8 billion yen from March 31, 2016, mainly due to a rise in trade and other payables because of the acquisition of Lawson as a subsidiary and higher transaction volumes.

Net interest-bearing liabilities, which is gross interest-bearing liabilities minus cash, cash equivalents and time deposits, decreased 324.0 billion yen from March 31, 2016 to 3,991.5 billion yen.

Equity attributable to owners of the Parent was 4,917.2 billion yen, an increase of 324.7 billion yen from March 31, 2016. This increase was mainly due to the accumulation of profit for the period.

(4) Cash Flows

Cash and cash equivalents as of March 31, 2017 was 1,145.5 billion yen, down 355.5 billion yen from March 31, 2016.

(Operating activities)

Net cash provided by operating activities was 583.0 billion yen, mainly due to cash flows from operating transactions and dividend income, despite an increase in working capital requirements.

(Investing activities)

Net cash used in investing activities was 179.6 billion yen. The main use of cash was for capital expenditures, real estate business payments, and the acquisition of shares in Lawson, despite cash provided by the collection of loans receivable.

As a result, free cash flow, the sum of operating and investing cash flows, was positive 403.4 billion yen.

(Financing activities)

Net cash used in financing activities was 752.2 billion yen, mainly due to the repayment of

borrowings, redemption of bonds, and the payment of dividends at the Parent, despite cash provided by the issuance of subordinated bonds (hybrid bonds), etc.

2. Forecasts for the Year Ending March 2018

For the year ending March 2018, we forecast profit for the year of 450.0 billion yen. For the segment-specific forecasts and market conditions underlying this forecast, please refer to MC's Financial Results for the year ended March 2017 (Results for the Year Ended March 2017 and Forecasts for the Year Ending March 2018). Please see the “Business Risks” section for principal risks that have the potential to affect our operating performance.

3. Business Risks

(1) Risks of Changes in Global Macroeconomic Conditions

As we conduct businesses on a global scale, our operating results are impacted by economic trends in overseas countries as well as those in Japan.

For instance, a decline in prices of energy and metal resources could have a large impact on our resource-related import transactions and earnings from business investments. Furthermore, the worldwide economic slowdown could affect our entire export-related business, including plants, construction machinery parts, automobiles, steel products, ferrous raw materials, chemical products, and other products.

In Thailand and Indonesia, we have various automobile businesses, including automobile assembly plants, distribution and sales companies and financial services companies jointly established with Japanese automakers. Since automobile sales volume reflects internal demand in each of these countries, economic trends in both Thailand and Indonesia may have a significant bearing on earnings from our automobile operations.

In the year ended March 2017, the global economy saw increasing volatility in financial markets, mainly due to concerns about the forecast for the Chinese economy, uncertainty about the outlook for negotiations surrounding the U.K. decision to leave the E.U., along with rising geopolitical risk in the Middle East and other areas. In emerging countries, the pace of economic growth has slowed even among major countries such as China and Brazil, mainly due to slower growth in investment and exports, compounded by structural problems within these countries.

(2) Market Risks

(Unless otherwise stated, calculations of effects on future profit for the year are based on profit for the year ended March 2017.)

1) Commodity Market Risk

In the course of our business activities, we are exposed to various risks relating to movements in prices of commodities as a trader, an owner of rights to natural and energy resources, and a producer and seller of industrial products of our investees. Product categories that may have a large impact on our operating results are as follows:

(Energy Resources)

We hold upstream rights to crude oil and/or LNG in Australia, Malaysia, Brunei, Sakhalin, Indonesia, Gulf of Mexico (United States), Gabon, Angola and other regions. Movements in the prices of these

resources may have a significant impact on our operating results.

With crude oil prices (Brent) having hit the upper US\$30 range in April, a downward trend in U.S. shale oil production became apparent, and prices rose back into the US\$50 range in early June. After that point, market expectations of reduced production by OPEC and oil inventory fluctuations caused prices to move generally from US\$40 to the low US\$50 range. However, as specific moves to lower production were not forthcoming, oil prices moved into the US\$40 range from late October to November.

Under these conditions, an OPEC meeting on November 30 agreed to reduce production. Crude oil prices accordingly recovered to the US\$50 range on expectations of supply–demand rebalancing. Furthermore, on December 10 non-OPEC oil-producing nations, centered on Russia, announced an accord to lower production, prompting oil prices to remain generally in the middle of the US\$50 range through the end of February.

Thereafter, expectations of supply–demand rebalancing waned, due to ongoing increases in U.S. oil inventories from early March. After falling into the low US\$50 range, oil prices maintained this level through the end of March.

We will continue to monitor market trends for supply–demand rebalancing, including reductions in output by key oil-production nations and the market status of U.S. shale oil. Nevertheless, we expect the crude oil outlook to remain opaque.

Fundamentally, LNG prices are linked to crude oil prices. It is estimated that a US\$1/BBL fluctuation in the price of crude oil would have an approximate 2.0 billion yen effect on our profit for the year for LNG and crude oil combined in a given year, mainly through a change in equity method earnings. However, fluctuations in the price of LNG and crude oil might not be immediately reflected in our operating results because of timing differences.

(Metal Resources)

Through wholly owned Brisbane, Australia, subsidiary MITSUBISHI DEVELOPMENT PTY LTD (MDP), we sell coking coal, which is used for steel manufacturing, and thermal coal, which is used for electricity generation. Fluctuations in the price of coking coal may affect our operating results through MDP's earnings. MDP's operating results cannot be determined by the coal price alone since MDP's results are also significantly affected by fluctuations in exchange rates for the Australian dollar, U.S. dollar and yen, as well as adverse weather and labor disputes.

In addition, as a producer, we are exposed to the risk of price fluctuations in copper. A US\$100 fluctuation in the price per MT of copper would have a 1.3 billion yen effect on our profit for the year (a US\$10 price fluctuation per lb of copper would have a 2.9 billion yen effect on our profit for the year). However, variables beside price fluctuations can also have an impact. These include the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditures). Therefore, the impact on earnings cannot be determined by the copper price alone.

(Petrochemical Products)

We are engaged in a broad range of trading activities for petrochemical products, such as paraxylene, ethylene glycol, and methanol, manufactured from raw materials such as naphtha and natural gas in countries including Saudi Arabia, Malaysia, and Venezuela. The prices of petrochemical products are

largely determined for each product on an individual basis based on the prices of the above raw materials, supply-demand dynamics and other factors. Fluctuations in the prices of these raw materials may affect our earnings from these businesses trading transactions.

2) Foreign Currency Risk

We bear risk of fluctuations in foreign currency rates relative to the yen in the course of our trading activities, such as export, import and offshore trading. While we use forward contracts and other hedging strategies, there is no assurance that we can completely avoid foreign currency risk.

In addition, dividends received from overseas businesses and equity in earnings of overseas consolidated subsidiaries and affiliates are relatively high in proportion to our profit for the year. Because most of these earnings are denominated in foreign currencies, which are converted to yen solely for reporting purposes, an appreciation in the yen relative to foreign currencies has a negative impact on profit for the year. In terms of sensitivity, a 1 yen change relative to the U.S. dollar would have an approximate 2.5 billion yen effect on profit for the year.

Regarding our investments in overseas businesses, an appreciation in the yen poses the risk of lowering shareholders' equity through a negative effect on exchange differences on translating foreign operations. Consequently, we implement various measures to prevent increased exposure to foreign currency risk on investments, such as by hedging foreign currency risks with respect to new large investments. However, there is no assurance that we can completely avoid these risks.

3) Stock Price Risk

As of March 31, 2017, we owned approximately 1,290.0 billion yen (market value) of marketable securities, mostly equity issues of customers, suppliers and affiliated companies. These investments expose us to the risk of fluctuations in stock prices. The valuation above represented net unrealized gains of approximately 410.0 billion yen based on market prices, a figure that could change depending on future trends in stock prices. In our corporate pension fund, some of the pension assets are managed by marketable stocks. Accordingly, a fall in stock prices could cause an increase in pension expenses by reducing pension assets.

4) Interest Rate Risk

As of March 31, 2017, we had gross interest-bearing liabilities of 5,383.9 billion yen. Because almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The vast majority of these interest-bearing liabilities correspond to trade receivables, loans receivable and other operating assets that are positively affected by changes in interest rates. Because a rise in interest rates produces an increase in income from these assets, while there is a timing difference, interest rate risk is offset. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income as well as other income streams such as dividends that are strongly correlated with economic cycles. Accordingly, even if interest rates increase as the economy improves, leading to higher interest expenses, we believe that these expenses would be offset by an increase in income from the corresponding asset holdings. However, our operating results may be negatively affected temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses.

To monitor market movements in interest rates and respond flexibly to market risks, we established the ALM (Asset Liability Management) Committee. This committee establishes fund procurement strategy and manages the risk of interest rate fluctuations.

(3) Credit Risk

We extend credit to customers in the form of trade credit, including accounts receivables and advance payments, finance, guarantees and investments due to our various operating transactions. We are therefore exposed to credit risk in the form of losses arising from deterioration in the credit of or bankruptcy of customers. Furthermore, we utilize derivative instruments, primarily swaps, options and futures, for the purpose of hedging risks. In this case, we are exposed to the credit risk of the counterparties to these derivative instruments.

To manage this risk, we have established credit and transaction limits for each customer as well as introduced an internal rating system. Based on internal rules determined by internal ratings and the amount of credit, we also require collateral or a guarantee depending on the credit profile of the counterparty. There is no guarantee that we will be able to completely avoid credit risk with these risk hedging strategies. We reduce transactions and take measures to protect our receivables when there is deterioration in the credit condition of customers. We also have a policy for dealing with bankrupt customers and work to collect receivables. However, failure to collect receivables and other credit could affect our operating results.

(4) Country Risk

We bear country risk in relation to transactions and investments with overseas companies in the form of delays or inability to collect cash or conduct business activities due to political and socioeconomic conditions in the countries where they are domiciled.

We take appropriate risk hedging measures that involve, in principle, hedges via third parties through such means as taking out insurance, depending on the nature of the project. Furthermore, we have established a Country Risk Committee, under which country risk is managed through a country risk countermeasure system. The country risk countermeasure system classifies countries with which we conduct business into eight categories based on creditworthiness by country. Country risk is controlled through the establishment of risk limits for each category.

However, even with these risk hedging measures, it is difficult to completely avoid risks caused by deterioration in the political, economic, or social conditions in the countries or regions where our customers, portfolio companies or we have ongoing projects. Such eventualities may have an impact on our operating results.

(5) Business Investment Risk

We participate in the management of various companies by acquiring equity and other types of interests. These business investment activities are carried out with the aim of increasing our commercial rights and deriving capital gains. However, we bear various risks related to business investments, such as the possible inability to recover our investments and exit losses and being unable to earn the planned profits. Regarding the management of business investment risk, in the case of new business investments, we clarify the meaning and purpose of the investment, quantitatively grasp the downside risk of investments and evaluate whether the return on our investments based on the characteristics of a business exceeds the minimum expected rate of return. After investing, we manage risk on an individual basis with respect to business investments to

achieve the investment goals in the Business Plan formulated every year. Furthermore, we clarify holding policies, including for the sale of our equity interest or the liquidation of the investee in order to efficiently replace assets in our portfolio in the event that investments are generating lower earnings than indicated in the plan.

Notwithstanding these initiatives, although we follow strict standards for the selection and management of investments, it is difficult to completely avoid the risk of investments not delivering the expected profits. Therefore, our operating results could be affected by changes in the business environment and such actions as the withdrawal from an investment.

(6) Risks Related to Specific Investments

(Investment in and Operations with Mitsubishi Motors Corporation)

Following requests from Mitsubishi Motors Corporation (MMC), we injected equity totaling 140.0 billion yen in MMC from June 2004 through January 2006 by subscribing to ordinary and preferred MMC shares. Based on the Mitsubishi Motors Capital Restructuring Plan announced by MMC on November 6, 2013, we invested part of MMC's preferred shares that we own in an anonymous association, and converted all the remaining shares into MMC's common shares on March 5, 2014. On July 6, 2016, we agreed to dissolve the anonymous association agreement with a view to the receipt of new shares in MMC by Nissan Motor Co., Ltd., through a third-party allotment (executed on October 20, 2016), and we have received from MMC shares provided as investment in kind. As the returned shares were included in the risk exposure announced by us, the return of these shares has no impact on our risk exposure. Furthermore, we cooperate with MMC to develop business at sales companies mainly outside of Japan and across the related value chain. Our risk exposure to MMC itself was approximately 100.0 billion yen as of March 31, 2017. Our risk exposure in connection with investments in businesses, finance, trade receivables and other related business was approximately 250.0 billion yen as of March 31, 2017 (of which, risk exposure in connection with the sales finance business was approximately 120.0 billion yen). Our total MMC-related risk exposure, including both the aforementioned risk exposure to MMC itself and our risk exposure to related business, was thus around 350.0 billion yen as of March 31, 2017.

(Investments in Australian Coking Coal and Other Metal Resource Interests)

In November 1968, we established wholly owned subsidiary MITSUBISHI DEVELOPMENT PTY LTD (MDP), headquartered in Brisbane, Australia, to engage in coal development. In 2001, we acquired through MDP a 50% interest in the BMA coking coal business (BMA) in Queensland, Australia, for approximately 100.0 billion yen, and engage in this business with a partner, BHP Billiton Limited, headquartered in Melbourne, Australia. BMA has grown into one of the world's largest coking coal businesses, currently producing 69 million tons per year. In addition to coking coal, MDP engages in the exploration, development, production and sale of other metal resources (thermal coal, iron ore and uranium). As of March 31, 2017, the book value of MDP's fixed assets amounted to approximately 970.0 billion yen.

MDP's commodity market risks have the potential to affect our operating performance. For details, please refer to the section entitled "(2) 1) Commodity Market Risk (Metal Resources)."

(Investments in Interests in Chilean Copper Assets and Other Resource Interests)

We hold shares in Anglo American Sur S.A. (AAS), which holds Chilean copper resource interests, with Anglo American Plc (AAC), headquartered in London, United Kingdom, and a joint venture between Corporación Nacional del Cobre de Chile, a nationally operated copper production company

headquartered in Santiago, and Mitsui & Co., Ltd. Ownership interests in AAS are 50.1% by AAC, 29.5% by the Joint Venture and 20.4% by us, which we acquired for 4.51 billion U.S. dollars.

AAS holds a significant portfolio of copper assets in Chile, including the Los Bronces mine, the El Soldado mine, the Chagres copper smelter and large-scale prospective exploration properties. (AAS' total copper production was approximately 350,000 tonnes in 2016.)

We apply the equity method to its investment in AAS. As an investment accounted for using the equity method, during the year we conducted an impairment test on our investment in AAS. As AAS' production and development plans are long-term, we judged that an evaluation was necessary from a medium- to long-term perspective, including revisions in copper price forecasts. In relation to copper prices, we formulated a forecast, taking into account fundamentals such as the future supply/demand environment and the data provided by external financial institutions and other organizations. Because AAS' production and development plans are long-term, medium- to long-term price forecasts have a more significant impact on the valuation of our investment in AAS than do price fluctuations in the short term. Taking into overall consideration sluggish copper market prices and the extended timeframe for the development of mining projects, on March 31, 2016, we recorded an impairment loss of 271.2 billion yen, resulting in a book value of approximately 180.0 billion yen as of March 31, 2017.

In addition to the items mentioned above, we are evaluating our other investments in copper asset interests, as well as investments related to crude oil, gas, and LNG in order to recognize key risks. As production and development plans are long-term, we judge that evaluation according to medium- to long-term price forecasts has a greater impact on the value of investments than short-term price fluctuations.

(7) Risks Related to Compliance

We are engaged in businesses in all industries through our many offices around the world. These activities subject us to a wide variety of laws and regulations. Specifically, we must comply with the Companies Act, tax laws, Financial Instruments and Exchange Act, anti-monopoly laws, international trade-related laws, environmental laws and various business laws in Japan. In addition, in the course of conducting business overseas, we must abide by the laws and regulations in the countries and regions where we operate.

We have established a Compliance Committee, which is headed by a Chief Compliance Officer, who is at the forefront of our efforts to raise awareness of compliance. This officer also directs and supervises compliance with laws and regulations on a consolidated basis.

Notwithstanding these initiatives, compliance risks cannot be completely avoided. Failure to fulfill our obligations under related laws and regulations could affect our businesses and operating results.

(8) Risks From Natural and Other Types of Disasters

An unforeseeable event, such as a natural disaster like an earthquake, heavy rain or flood, abnormal climatic conditions, or infectious diseases such as a new strain of influenza, or a large-scale accident, acts of terrorism or riots, that affects our employees and damages our offices, facilities or systems could hinder sales and production activities.

We have established adequate countermeasures, having implemented an employee safety check system; formulated a disaster contingency manual and a business contingency plan (BCP);

implemented earthquake-proof measures for buildings, facilities or systems (including backup of data); introduced a program of disaster prevention drills; prepared stocks of necessary goods; and collaborated and shared information with offices, subsidiaries and related companies both in Japan and overseas. However, no amount of preparation of this sort can completely avoid the risk of damage caused by a natural disaster. Accordingly, damage from a natural disaster could affect our businesses and operating results.

Note:

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons.

Basic Concept Regarding Selection of Accounting Standards

Mitsubishi Corporation has applied IFRS to enhance its financial reporting's international comparability and availability.

Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements

1. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position
Mitsubishi Corporation and subsidiaries
March 31, 2016 and 2017

ASSETS	Millions of Yen	
	March 31, 2016	March 31, 2017
Current assets		
Cash and cash equivalents	1,500,960	1,145,514
Time deposits	226,186	246,922
Short-term investments	28,763	22,867
Trade and other receivables	2,923,060	3,125,504
Other financial assets	148,718	115,734
Inventories	1,033,752	1,110,138
Biological assets	65,261	67,241
Advance payments to suppliers	222,299	229,819
Assets classified as held for sale	91,864	39,330
Other current assets	316,328	364,196
Total current assets	6,557,191	6,467,265
Non-current assets		
Investments accounted for using the equity method	2,869,873	2,651,317
Other investments	1,990,215	2,291,465
Trade and other receivables	488,817	500,853
Other financial assets	139,593	109,443
Property, plant and equipment	2,297,384	2,484,714
Investment property	70,578	47,959
Intangible assets and goodwill	291,116	1,010,310
Deferred tax assets	91,349	37,883
Other non-current assets	120,140	152,348
Total non-current assets	8,359,065	9,286,292
Total	14,916,256	15,753,557

(1) Consolidated Statement of Financial Position
Mitsubishi Corporation and subsidiaries
March 31, 2016 and 2017

LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2016	March 31, 2017
Current liabilities		
Bonds and borrowings	1,482,348	1,248,231
Trade and other payables	2,153,748	2,542,191
Other financial liabilities	84,252	106,456
Advances from customers	213,058	222,373
Income tax payables	38,104	106,612
Provisions	55,121	50,689
Liabilities directly associated with assets classified as held for sale	26,235	6,094
Other current liabilities	380,371	395,196
Total current liabilities	4,433,237	4,677,842
Non-current liabilities		
Bonds and borrowings	4,560,258	4,135,680
Trade and other payables	84,078	204,657
Other financial liabilities	18,647	18,936
Retirement benefit obligation	64,914	79,261
Provisions	233,779	239,259
Deferred tax liabilities	469,589	576,941
Other non-current liabilities	34,232	31,970
Total non-current liabilities	5,465,497	5,286,704
Total liabilities	9,898,734	9,964,546
Equity		
Common stock	204,447	204,447
Additional paid-in capital	262,738	220,761
Treasury stock	(14,509)	(12,154)
Other components of equity		
Other investments designated as FVTOCI	364,386	451,086
Cash flow hedges	(18,664)	(17,953)
Exchange differences on translating foreign operations	568,217	445,816
Total other components of equity	913,939	878,949
Retained earnings	3,225,901	3,625,244
Equity attributable to owners of the Parent	4,592,516	4,917,247
Non-controlling interests	425,006	871,764
Total equity	5,017,522	5,789,011
Total	14,916,256	15,753,557

(2) Consolidated Statement of Income
Mitsubishi Corporation and subsidiaries
Years ended March 31, 2016 and 2017

	Millions of Yen	
	Year ended March 31, 2016	Year ended March 31, 2017
Revenues	6,925,582	6,425,761
Cost of revenues	(5,826,705)	(5,097,123)
Gross profit	1,098,877	1,328,638
Selling, general and administrative expenses	(1,015,968)	(932,607)
Gains on investments	46,334	83,288
Gains on disposal and sale of property, plant and equipment	21,392	14,419
Impairment losses on property, plant and equipment and others	(102,544)	(103,181)
Other income (expense)-net	(37,787)	10,581
Finance income	123,124	132,389
Finance costs	(50,862)	(49,537)
Share of (loss) profit of investments accounted for using the equity method	(175,389)	117,450
Profit (loss) before tax	(92,823)	601,440
Income taxes	(39,841)	(121,366)
Profit (loss) for the year	(132,664)	480,074
Profit (loss) for the year attributable to:		
Owners of the Parent	(149,395)	440,293
Non-controlling interests	16,731	39,781
	(132,664)	480,074

(3) Consolidated Statement of Comprehensive Income
Mitsubishi Corporation and subsidiaries
Years ended March 31, 2016 and 2017

	Millions of Yen	
	Year ended March 31, 2016	Year ended March 31, 2017
Profit (loss) for the year	(132,664)	480,074
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss for the year:		
(Losses) gains on other investments designated as FVTOCI	(294,716)	111,869
Remeasurement of defined benefit pension plans	(49,636)	26,832
Share of other comprehensive income (loss) of investments accounted for using the equity method	(25,493)	5,471
Total	(369,845)	144,172
Items that may be reclassified to profit or loss for the year:		
Cash flow hedges	2,259	1,359
Exchange differences on translating foreign operations	(274,809)	(62,975)
Share of other comprehensive income (loss) of investments accounted for using the equity method	(35,336)	(65,307)
Total	(307,886)	(126,923)
Total other comprehensive income (loss)	(677,731)	17,249
Total comprehensive income	(810,395)	497,323
Comprehensive income attributable to:		
Owners of the Parent	(788,323)	452,465
Non-controlling interests	(22,072)	44,858
	(810,395)	497,323

(4) Consolidated Statement of Changes in Equity
Mitsubishi Corporation and subsidiaries
Years ended March 31, 2016 and 2017

	Millions of Yen	
	Year ended March 31, 2016	Year ended March 31, 2017
Common stock:		
Balance at the beginning of the year	204,447	204,447
Balance at the end of the year	204,447	204,447
Additional paid-in capital:		
Balance at the beginning of the year	266,688	262,738
Compensation costs related to stock options	1,175	1,621
Sales of treasury stock upon exercise of stock options	(1,268)	(1,420)
Equity transactions with non-controlling interests and others	(3,857)	(42,178)
Balance at the end of the year	262,738	220,761
Treasury stock:		
Balance at the beginning of the year	(7,796)	(14,509)
Sales of treasury stock upon exercise of stock options	2,937	2,364
Purchases and sales—net	(99,969)	(9)
Cancellation	90,319	—
Balance at the end of the year	(14,509)	(12,154)
Other components of equity:		
Balance at the beginning of the year	1,515,691	913,939
Other comprehensive income (loss) attributable to owners of the Parent	(638,928)	12,172
Transfer to retained earnings	37,176	(47,162)
Balance at the end of the year	913,939	878,949
Retained earnings:		
Balance at the beginning of the year	3,591,447	3,225,901
Profit (loss) for the year attributable to owners of the Parent	(149,395)	440,293
Cash dividends paid to owners of the Parent	(88,223)	(87,170)
Sales of treasury stock upon exercise of stock options	(433)	(942)
Cancellation of treasury stock	(90,319)	—
Transfer from other components of equity	(37,176)	47,162
Balance at the end of the year	3,225,901	3,625,244
Equity attributable to owners of the Parent	4,592,516	4,917,247
Non-controlling interests:		
Balance at the beginning of the year	485,078	425,006
Cash dividends paid to non-controlling interests	(25,199)	(19,722)
Equity transactions with non-controlling interests and others	(12,801)	421,622
Profit for the year attributable to non-controlling interests	16,731	39,781
Other comprehensive income (loss) attributable to non-controlling interests	(38,803)	5,077
Balance at the end of the year	425,006	871,764
Total equity	5,017,522	5,789,011

(5) Consolidated Statement of Cash Flows
Mitsubishi Corporation and subsidiaries
Years ended March 31, 2016 and 2017

	Millions of Yen	
	Year ended March 31,2016	Year ended March 31,2017
Operating activities:		
Profit (loss) for the year	(132,664)	480,074
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	219,699	201,117
Gains on investments	(46,334)	(83,288)
Losses on property, plant and equipment	81,152	88,762
Finance (income) —net of finance costs	(72,262)	(82,852)
Share of loss (profit) of investments accounted for using the equity method	175,389	(117,450)
Income taxes	39,841	121,366
Changes in trade receivables	300,823	(226,319)
Changes in inventories	211,722	(115,595)
Changes in trade payables	(293,040)	194,692
Other—net	85,751	(55,342)
Dividends received	216,206	218,960
Interest received	87,112	85,010
Interest paid	(70,594)	(64,797)
Income taxes paid	(102,696)	(61,334)
Net cash provided by (used in) operating activities	700,105	583,004
Investing activities:		
Payments for property, plant and equipment	(249,062)	(160,055)
Proceeds from disposal of property, plant and equipment	45,582	26,924
Payments for investment property	(23,317)	(8,696)
Proceeds from disposal of investments property	28,233	26,893
Purchases of investments accounted for using the equity method	(336,495)	(139,747)
Proceeds from disposal of investments accounted for using the equity method	68,749	98,475
Acquisitions of businesses—net of cash acquired	(12,873)	(74,694)
Proceeds from disposal of businesses—net of cash divested	12,208	1,365
Purchases of other investments	(314,697)	(117,283)
Proceeds from disposal of other investments	139,489	135,994
Increase in loans receivable	(77,302)	(43,331)
Collection of loans receivable	290,513	100,307
Net (increase) decrease in time deposits	(74,882)	(25,737)
Net cash provided by (used in) investing activities	(503,854)	(179,585)
Financing activities:		
Net increase (decrease) in short-term debts	(19,719)	(111,480)
Proceeds from long-term debts—net of issuance costs	979,730	671,204
Repayment of long-term debts	(1,109,316)	(1,190,052)
Dividends paid to owners of the Parent	(88,223)	(87,170)
Dividends paid to the non-controlling interests	(25,199)	(19,722)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(6,001)	(31,469)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	2,976	16,535
Net (increase) decrease in treasury stock	(98,776)	(8)
Net cash provided by (used in) financing activities	(364,528)	(752,162)
Effect of exchange rate changes on cash and cash equivalents	(55,952)	(6,703)
Net increase (decrease) in cash and cash equivalents	(224,229)	(355,446)
Cash and cash equivalents at the beginning of the year	1,725,189	1,500,960
Cash and cash equivalents at the end of the year	1,500,960	1,145,514

2. Notes Concerning Consolidated Financial Statements

(1) Changes in Accounting Policies and Changes in Accounting Estimates

The important accounting policies applied to the consolidated financial statements for the year ended March 2017 are identical to the accounting policies applied to the consolidated financial statements for the previous fiscal year, except for the following:

New standards and interpretations applied

Standards and interpretations	Outline
IFRS 11 Joint Arrangements (Amended)	Clarification of the accounting for acquisitions of interests in joint operations
IAS 16 Property, Plant and Equipment (Amended)	Accounting for a produce growing on bearer plants
IAS 41 Agriculture (Amended)	

The adoption of new standards including those above and interpretations had no significant impact on the consolidated financial statements for the year ended March 2017.

Significant changes in accounting estimates in the consolidated financial statements for the year ended March 2017 are as follows:

(Impairment losses on property, plant and equipment)

The Company recorded "impairment losses on property, plant and equipment" of 103,181 million yen in line with changes in its business environment.

In the course of recognizing and measuring impairment losses, the Company measured the recoverable amount using value in use and fair value less costs to sell. The Company deliberates the rates as the discount rate, which reasonably reflects the market-average rate of return, which incorporates the risks specific to the cash-generating unit.

These impairment losses include 35,496 million yen in impairment losses on assets related to the thermal coal business held by Mitsubishi Development Pty Ltd in accordance with the portfolio re-profiling policy; 17,947 million yen in impairment losses on ships held by Diamond Star Shipping Pte. Ltd. due to deterioration in the shipping market; and impairment losses of 12,043 million yen on exploration and development assets held by Cote D'Ivoire Japan Petroleum Limited. due to changes in development policy.

(2) Segment Information

Year ended March 31, 2016

	Millions of Yen										
	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	37,834	61,774	35,405	139,109	198,021	112,564	505,041	1,089,748	10,114	(985)	1,098,877
Share of profit (loss) of investments accounted for using the equity method	28,787	17,536	(3,985)	(278,896)	25,133	15,424	20,190	(175,811)	1,123	(701)	(175,389)
Profit (loss) for the year attributable to owners of the Parent	29,228	40,307	(9,763)	(360,732)	62,224	30,513	73,474	(134,749)	4,071	(18,717)	(149,395)
Total assets	1,011,818	870,322	2,036,199	3,557,899	1,726,900	870,506	3,169,251	13,242,895	3,319,226	(1,645,865)	14,916,256

Year ended March 31, 2017

	Millions of Yen										
	Global Environmental & Infrastructure Business	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
Gross profit	38,013	60,195	37,663	414,766	182,061	112,976	473,224	1,318,898	7,850	1,890	1,328,638
Share of profit of investments accounted for using the equity method	23,229	13,733	25,278	2,690	5,252	12,059	34,851	117,092	1,191	(833)	117,450
Profit (loss) for the year attributable to owners of the Parent	23,420	35,531	55,477	147,901	29,437	26,732	121,344	439,842	(1,233)	1,684	440,293
Total assets	1,005,671	841,567	2,118,028	3,704,234	1,739,554	943,884	4,343,006	14,695,944	2,631,382	(1,573,769)	15,753,557

Notes:

*1. "Other" represents the corporate departments which primarily provide services and operational support to the Company and Affiliated companies.

This column also includes certain revenues and expenses from business activities related to financing and human resource services that are not allocated to reportable operating segments.

Unallocated corporate assets categorized in "Other" consist primarily of cash, time deposits and securities for financial and investment activities.

*2. "Adjustments and Eliminations" includes certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations.

*3. From the fiscal year ending March 31, 2017, the environment-related business of the Global Environmental & Infrastructure Business Group is determined as an operating segment in the same manner as the infrastructure-related business. In line with this change, although previously presented in "Other," the environment-related business is now included within the "Global Environmental & Infrastructure Business." Segment information for the year ended March 31, 2016 has been reclassified accordingly.

(3) Earnings Per Share

Reconciliations of the basic and diluted profit (loss) for the year attributable to owners of the Parent per share are as follows:

	Year ended March 31,2016	Year ended March 31,2017
Profit (loss) for the year attributable to owners of the Parent per share (Yen)		
Basic	(93.68)	277.79
Diluted	(93.68)	277.16
Numerator (Millions of Yen):		
Profit (loss) for the year attributable to owners of the Parent	(149,395)	440,293
Denominator (Thousands of shares):		
Basic weighted average common shares outstanding	1,594,779	1,584,995
Effect of dilutive securities:		
Stock options	—	3,575
Diluted outstanding shares	1,594,779	1,588,570

Note: Diluted loss for the year attributable to owners of the Parent per share does not include stock options due to the anti-dilutive effect caused by the loss for the year ended March 31, 2016.

(4) Subsequent Events

There are no material subsequent events to be disclosed.

3. Notes Concerning Going Concern Assumption

None

**Results for the Year Ended March 2017
and Forecasts for the Year Ending March 2018**

May 9, 2017

Mitsubishi Corporation

(Forward-Looking Statements)

- This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices.
- Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.

(Notes Regarding these Presentation Materials)

- Consolidated net income in this presentation shows the amount of net income attributable to owners of the Parent, excluding noncontrolling interests.

Results for the Year Ended March 2017 and Forecasts for the Year Ending March 2018

(Billion yen)	Year ended March 2016 result	Year ended March 2017 result	Changes	Year ended March 2017* ₁ forecast	Changes	Year ending March 2018 forecast
Consolidated Net Income (Loss)	(149.4)	440.3	+589.7	440.0	+0.3	450.0
Annual Dividend per Share	50 yen	80 yen	+ 30 yen	70 yen	+10 yen	80 yen

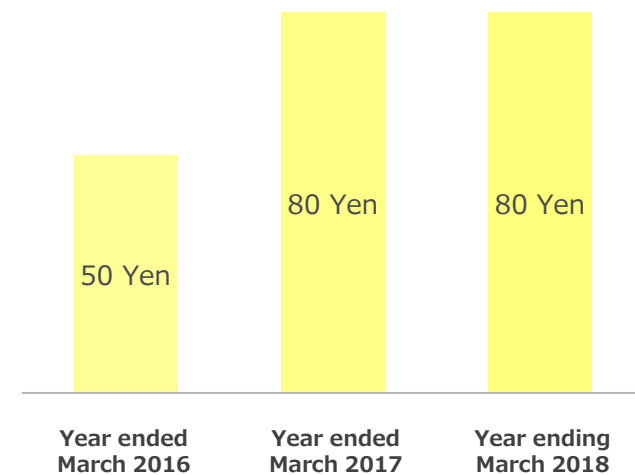
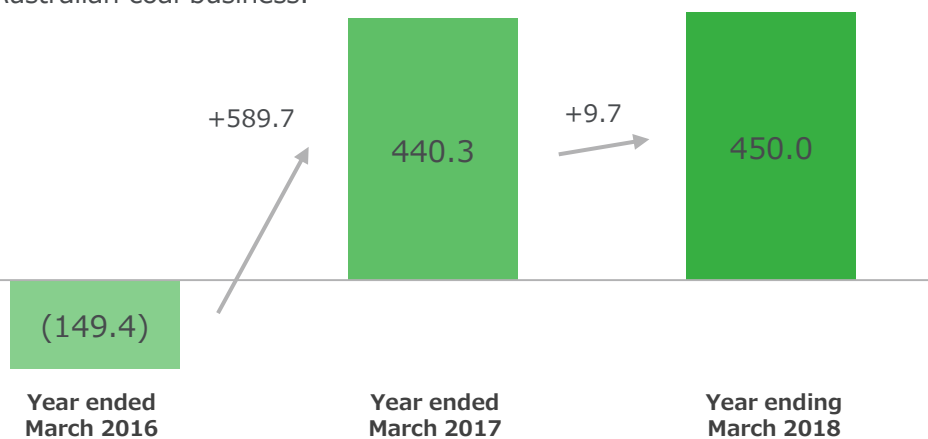
*1 : Released on February 2, 2017

Results for the year ended March 2017, Forecasts for the year ending March 2018

- ✓ Earnings increased 589.7 billion yen, mainly due to reduced production costs and higher market prices in the Australian coal business, in addition to the rebound from major losses of 426.0 billion yen recorded in the previous year.
- ✓ The forecast for the year ending March 2018 is 450.0 billion yen, an increase of 9.7 billion yen, mainly due to the rebound from one-off losses, although earnings decreased due to lower market prices in the Australian coal business.

Shareholder Return

- ✓ In light of the results for the year ended March 2017, the forecast for the year ending March 2018 and cash flows, the annual dividend per share for the year ended March 2017 and year ending March 2018 have been set at 80 yen.



Results and Forecasts based on the revised categorization

	Year ended March 2016 result	Year ended March 2017 result	Changes	Year ended March 2017 forecast	Changes	Year ending March 2018 forecast
Business-related sector	281.7	339.5	+57.8	326.0	+13.5	327.0
Market-related sector	(416.5)	100.2	+516.7	103.0	(2.8)	97.0
Consolidated Net Income (Loss)	(149.4)	440.3	+589.7	440.0	+0.3	450.0

Revised categorization

- ✓ Revise business categorization to “market-related sector” and “business-related sector,” based on market risk sensitivity.
- ✓ Assume an optimal balance by the end of fiscal year 2018 by keeping the “market-related” portfolio size unchanged.

<Previous>

Non-resource

Power generation/
Ships (commercial vessels)/
Retail/Motor vehicles/
Life science/
Real estate/ etc.

Resource

Mineral resources
(coking coal, copper, etc.)/
North American shale gas/
LNG/ etc.

<Revised>

Business-related sector

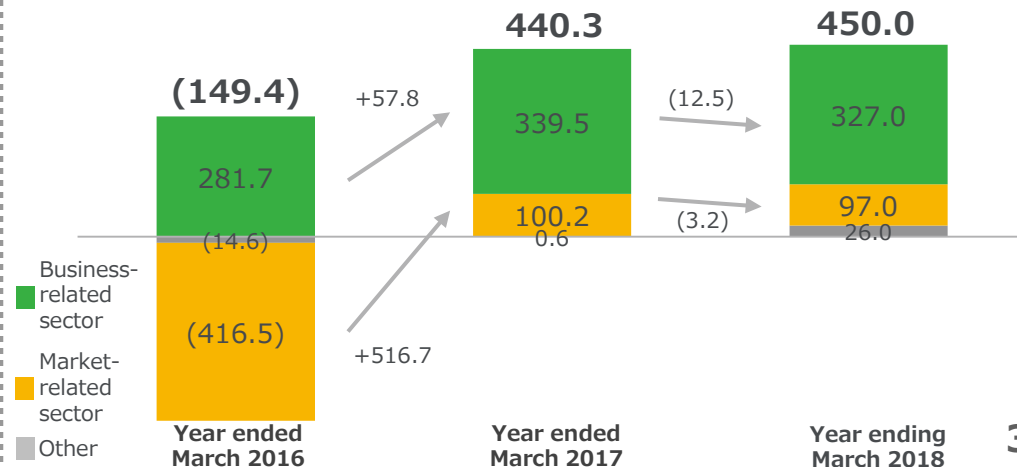
Power Generation/LNG/
Retail/Motor vehicles/
Life science/
Real estate/ etc.

Market-related sector

Mineral resources
(coking coal, copper, etc.)/
North American shale gas/
Ships (commercial vessels)/
etc.

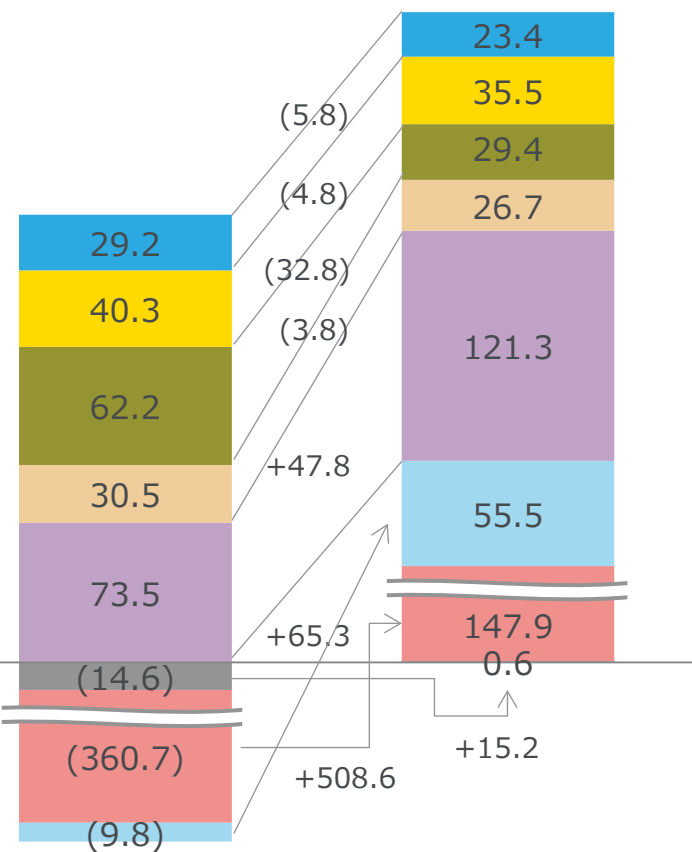
Results and Forecasts

- ✓ In the Business-related sector, earnings increased 57.8 billion yen due to one-off gains recognized through acquiring Lawson as a subsidiary and increased earnings in the salmon farming business in addition to a rebound from one-off losses. Excluding one-off gains, earnings are expected to increase in the year ending March 2018.
- ✓ In the Market-related sector, earnings increased 516.7 billion yen, 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 year. Earnings are expected to decrease in the year ending March 2018 due to lower earnings from the Australian coal business due to lower market prices, despite the rebound from one-off losses.



Year-over-Year Segment Net Income (Loss)

(Billion yen) **(149.4)** $\xrightarrow{+589.7}$ **440.3**



Global Environmental & Infrastructure Business -20%

Absence of one-off gains recorded in the previous year and lower equity income from Chiyoda Corporation, although income from overseas power generation business increased

Industrial Finance, Logistics & Development -12%

Decrease in earnings from the China real estate business, aircraft-related business and lease business

Energy Business

Rebound from impairment losses recorded in the previous year, one-off gains on business restructuring of shale gas business and sales of investment in the Asia E&P business

Metals

Rebound from impairment losses recorded in the previous year, increased earnings in the Australian coal business due to reduced production costs and higher market prices

Machinery -53%

Decrease in earnings due to impairment losses recorded in the ship-related business

Chemicals -12%

Decrease in equity income from the petrochemical-related business due to lower market prices and yen appreciation

Living Essentials +65%

Increase in earnings from the salmon farming business due to market price recovery, and one-off gains recognized through acquiring Lawson as a subsidiary and meat business restructuring

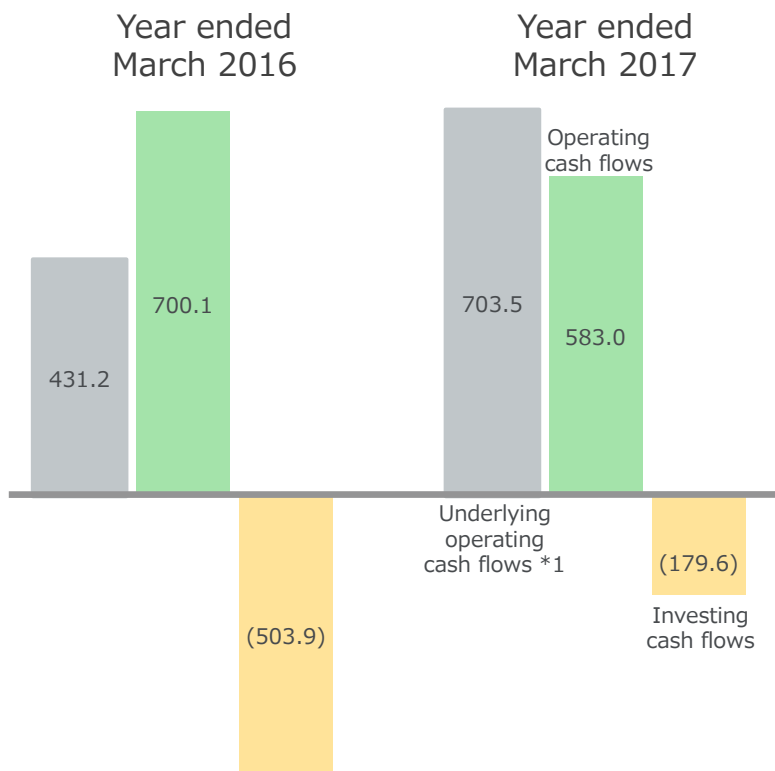
Other

Rebound from the reversal of deferred tax assets recognized through major losses recorded in the previous year

Year ended
March 2016

Year ended
March 2017

Cash Flows



<Free cash flows>

+196.2

+403.4

[Breakdown of cash flows]

(Billion yen)

	Underlying Operating CF	Investing CF			Total
		New Investment	Sales and Collection	Net	
Underlying Operating CF & Investing CF	703.5	(569.6)	390.0	(179.6)	523.9

New Investment	Sales and Collection
CVS business (Living Essentials) Real estate business (Industrial Finance, Logistics & Development)	LNG-related business (Energy business) Fund-related business (Industrial Finance, Logistics & Development)

*1 Underlying operating cash flows

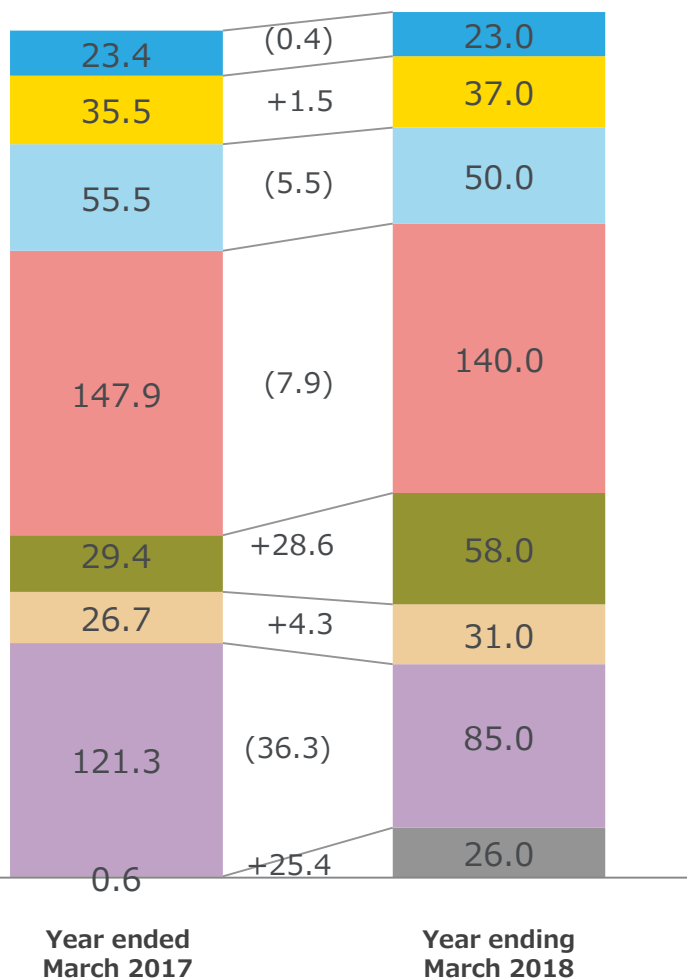
Operating cash flows excluding changes in assets and liabilities.

- (= Net income (including non-controlling interests) – DD&A
- profits and losses related to investing activities
- equity in earnings of affiliated companies not recovered through dividends
- allowance for bad debt etc. – deferred tax)

Segment Forecasts for Year Ending March 2018

(Billion yen)

440.3 ➔ +9.7 ➔ 450.0



- **Global Environmental & Infrastructure Business**

-

- **Industrial Finance, Logistics & Development**

-

- **Energy Business -10%**

Rebound from one-off gains although equity earnings increase due to higher market prices

- **Metals -5%**

Decrease in earnings in the Australian coal business due to lower market prices, despite the rebound from one-off losses

- **Machinery +97%**

Rebound from impairment losses recorded in the ship-related business

- **Chemicals +16%**

Rebound from one-off losses

- **Living Essentials -30%**

Rebound from one-off gains recognized through acquiring Lawson as a subsidiary

- **Other**

Adjustments between the corporate department and business groups, and increase from new investment with companywide support

(Reference) Market Conditions

[Foreign Exchange, Commodity Prices and Interest Rates]

	Year ended March 2017	Year ending March 2018	Changes	Consolidated Net Income Sensitivities
Foreign Exchange (YEN/US\$)	108.38	110.00	+1.62	Depreciation/appreciation of 1 yen per US\$1 has a 2.5 billion yen positive/negative impact on a full-year basis.
Crude Oil Price (Dubai) (US\$/BBL)	47	50	+3	A US\$1 rise/decline per barrel increases/reduces full-year earnings by 2.0 billion yen. In addition to changes in crude oil prices, other factors could also affect crude oil-related earnings, such as differences in the fiscal year-ends of consolidated companies, timing of the reflection of the crude oil price in sales prices, dividend policy, foreign currency movements, and production/sales volume.
Copper (US\$/MT) [¢ / lb]	5,155 [234]	5,512 [250]	+357 [+16]	A US\$100 rise/decline per MT increases/reduces full-year earnings by 1.3 billion yen (A US¢10 rise/decline per lb increases/reduces full-year earnings by 2.9 billion yen). Besides copper price fluctuations, other variables affect earnings from copper mines, such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditure). Therefore, the impact on earnings cannot be determined by the copper price alone.
YEN Interest TIBOR (%)	0.06	0.10	+0.04	The effect of rising interest rates is mostly offset by an increase in operating and investment profits. However, a rapid rise in interest rates could have a temporary negative effect.
US\$ Interest LIBOR (%)	0.86	1.40	+0.54	