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Mitsubishi Corporation (Mitsubishi Shoji Kabushiki Kaisha) and Subsidiaries

Consolidated Balance Sheets as of March 31, 2012 and 2013, and Related Consolidated Statements of Income, Comprehensive Income, Equity, and Cash Flows for Each of the Three Years in the Period Ended March 31, 2013, and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Mitsubishi Corporation (Mitsubishi Shoji Kabushiki Kaisha)

We have audited the accompanying consolidated financial statements of Mitsubishi Corporation (Mitsubishi Shoji Kabushiki Kaisha) and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of March 31, 2012 and 2013, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 31, 2013 (all expressed in Japanese yen), and the related notes to the consolidated financial statements

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 the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Company'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 in accordance with attestation standards established by the American Institute of Certified Public Accountants on the effectiveness of the Company's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 financial position of Mitsubishi Corporation and its subsidiaries as of March 31, 2012 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2013 in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, the accompanying consolidated financial statements with respect to the year ended March 31, 2012 have been retrospectively adjusted for the change in accounting related to the investment that qualified for the equity method of accounting during the year ended March 31, 2013 Our opinion is not modified with respect to this matter

Other Matter

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts included in the consolidated financial statements with respect to the year ended March 31, 2013 and, in our opinion, such translation has been made in conformity with the basis stated in Note 1 Such United States dollar amounts are presented solely for the convenience of readers outside Japan

Deloitte Touche Tohmatsu LLC

June 21, 2013

NOTE TO READERS

Notwithstanding the second paragraph in "Auditors' Responsibility" section of the Independent Auditors' Report, Deloitte Touche Tohmatsu LLC ("DTT") has performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of DTT's report is included within this annual report as information for readers

Supplementary Explanation

Internal Controls Over Financial Reporting in Japan

The Financial Instruments and Exchange Act in Japan ("the Act") requires the management of Japanese public companies to annually evaluate whether internal controls over financial reporting ("ICFR") are effective as of each fiscal year-end and to disclose the assessment to investors in a "Management Internal Control Report " The Act also requires that the independent auditor of the financial statements of these companies report on management's assessment of the effectiveness of ICFR in an Independent Auditor's Report ("indirect reporting") Under the Act, these reports are required for fiscal years beginning on or after April 1, 2008

We have thus evaluated our internal controls over financial reporting as of March 31, 2013 in accordance with "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by Business Accounting Council on March 30, 2011

As a result of conducting an evaluation of internal controls over financial reporting in the fiscal year ended March 31, 2013, we concluded that our internal control system over financial reporting as of March 31, 2013 was effective and reported as such in the Management Internal Control Report

Our Independent Auditor, Deloitte Touche Tohmatsu LLC, performed an audit of the Management Internal Control Report under the Act

An English translation of the Management Internal Control Report and the Independent Auditor's Report filed under the Act is attached on the following pages

Mitsubishi Corporation

Management Internal Control Report (Translation)

NOTE TO READERS

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act in Japan This report is presented merely as supplemental information

There are differences between the management assessment of ICFR under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA")

In the management assessment of ICFR under FIEA, there is detailed guidance on the scope of management assessment of ICFR such as quantitative guidance on business location selection and/or account selection In the management assessment of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets and income before income taxes for the selection of significant locations and business units

(TRANSLATION)

1 [Matters relating to the basic framework for internal control over financial reporting]

Ken Kobayashi, President and CEO, and Shuma Uchino, Director and Executive Vice President, are responsible for designing and operating effective internal control over financial reporting of Mitsubishi Corporation (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by Business Accounting Council on March 30, 2011

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2 [Matters relating to the scope of assessment, the basic date of assessment and the assessment procedures]

The assessment of internal control over financial reporting was performed as of March 31, 2013, which is the end of this fiscal year The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting in a consolidation ("company-level controls") We appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of the Company's financial reporting The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any material impact on the consolidated financial statements in the scope of assessment of company-level controls

Regarding the scope of assessment of internal control over business processes, we accumulated locations and business units in descending order of total assets (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany transactions) for the prior fiscal year, and those locations and business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those locations and business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant locations and business units "

At the selected significant locations and business units, we included, in the scope of assessment, (i) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of the Company, and (ii) those business processes leading to other quantitatively-material accounts Further, not only at selected significant locations and business units, but also at other locations and business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (i) those business processes relating to greater likelihood of material misstatements and significant accounts involving estimates and the management's judgment, and (ii) those business processes relating to businesses or operations dealing with high-risk transactions

3 [Matters relating to the results of the assessment]

As a result of the assessment described above, we concluded that the Company's internal control over financial reporting was effective as of the end of this fiscal year

4 [Supplementary information]

Not applicable

5 [Special information]

Not applicable

Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan (Translation)

NOTE TO READERS

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan This report is presented merely as supplemental information

There are differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the attestation standards established by the American Institute of Certified Public Accountants ("AICPA")

In an audit of ICFR under FIEA, the auditor expresses an opinion on management's report on ICFR, and does not express an opinion on the company's ICFR directly In an audit of ICFR under the attestation standards established by the AICPA, the auditor expresses an opinion on the company's ICFR directly

Also in an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business location selection and/or account selection In an audit of ICFR under the attestation standards established by the AICPA, there is no such detailed guidance Accordingly, based on the quantitative guidance which provides an approximate measure for the scope of assessment of internal control over business processes, we used a measure of approximately 70% of total assets and income before income taxes for the selection of significant locations and business units

(TRANSLATION)

Independent Auditor's Report
(filed under the Financial Instruments and Exchange Act in Japan)

June 21, 2013

To the Board of Directors of Mitsubishi Corporation

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant — Shigeo Ogi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant — Kohei Kan

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant — Kazuaki Furuuchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant — Hideo Shirata

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant — Masayuki Yamada

< Audit of Financial Statements >

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet of Mitsubishi Corporation (the "Company") and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the fiscal year from April 1, 2012 to March 31, 2013, and the related notes

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 the United States of America, pursuant to the provisions of Article 95 of the Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, 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 Company'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 Company'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

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, during the year ended March 31, 2013, the Company entered into a shareholders' agreement concerning the management of Anglo American Sur, S A ("Anglo Sur", a Chilean copper mining and smelting company) With the execution of the shareholders' agreement, the Company is able to exert significant influence over Anglo Sur and thus for the year ended March 31, 2013, the Company accounts for its investment in Anglo Sur under the equity method Accordingly, the Company has retrospectively adjusted its investment in Anglo Sur and the retained earnings of the Company
Our opinion is not qualified in respect of this matter

< Audit of Internal Control >

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2013

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting

Auditor's Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control

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

Audit Opinion

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2013 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act

(The above represents a translation, for convenience only, of the original report issued in the Japanese language)

Consolidated Balance Sheets

Mitsubishi Corporation and Subsidiaries
March 31, 2012 and 2013

ASSETS	Millions of Yen 2012	Millions of Yen 2013	Millions of U S Dollars (Note 1) 2013
Current assets			
Cash and cash equivalents (Notes 5 and 12)	¥1,252,951	¥1,345,755	$14,317
Time deposits	116,024	123,654	1,316
Short-term investments (Notes 5 and 12)	19,327	26,880	286
Notes receivable—trade	363,130	341,810	3,636
Accounts receivable—trade	2,379,899	2,505,518	26,655
Loans and other receivables	389,678	455,373	4,844
Receivables from Affiliated companies	250,469	288,113	3,065
Inventories	965,057	1,202,295	12,790
Advance payments to suppliers	157,817	145,270	1,546
Deferred income taxes (Note 15)	45,780	62,135	661
Other current assets (Notes 8, 11, 12 and 16)	258,953	358,374	3,812
Allowance for doubtful receivables (Note 7)	(23,809)	(28,917)	(308)
Total current assets	6,175,276	6,826,260	72,620
Investments and noncurrent receivables			
Investments in and advances to Affiliated companies (Notes 3, 6 and 12)	2,097,976	2,554,161	27,172
Joint investments in real estate	62,290	31,393	334
Other investments (Notes 3, 5, 9 and 12)	1,414,584	1,497,521	15,931
Noncurrent notes, loans and accounts receivable—trade (Notes 9 and 23)	549,712	663,884	7,062
Allowance for doubtful receivables (Note 7)	(30,508)	(29,528)	(314)
Total investments and noncurrent receivables	4,094,054	4,717,431	50,185
Property and equipment (Notes 8, 9 and 23)			
Real estate held for development and resale	90,004	44,973	478
Land	335,731	348,014	3,702
Buildings and structures	794,497	908,286	9,663
Machinery and equipment	964,503	1,102,476	11,728
Aircraft and vessels	475,285	643,596	6,847
Mineral rights	394,206	459,168	4,885
Projects in progress	211,154	446,218	4,747
Total	3,265,380	3,952,731	42,050
Less accumulated depreciation	(1,294,466)	(1,465,267)	(15,588)
Property and equipment—net	1,970,914	2,487,464	26,462
Goodwill (Note 10)	60,498	60,859	647
Other intangible assets—net (Note 10)	107,086	123,401	1,313
Other assets (Notes 3, 11, 12, 15 and 16)	180,492	195,250	2,078
Total assets	¥12,588,320	¥14,410,665	$153,305

See notes to consolidated financial statements

(Continued)

LIABILITIES AND EQUITY	Millions of Yen 2012	2013	Millions of U S Dollars (Note 1) 2013
Current liabilities			
Short-term debt (Notes 9 and 14)	¥886,431	¥799,983	$8,510
Current maturities of long-term debt (Notes 9 and 14)	435,221	590,976	6,287
Notes and acceptances payable—trade	206,049	199,954	2,127
Accounts payable—trade	2,108,171	2,230,074	23,724
Payables to Affiliated companies	186,094	227,354	2,419
Advances from customers	160,795	136,416	1,451
Accrued income taxes	32,360	56,345	600
Other accrued expenses (Note 16)	118,877	126,867	1,350
Other current liabilities (Notes 11, 12, 15 , 17 and 23)	331,968	360,144	3,831
Total current liabilities	4,465,966	4,728,113	50,299
Noncurrent liabilities			
Long-term debt, less current maturities (Notes 9 and 14)	3,760,101	4,498,683	47,858
Accrued pension and severance liabilities (Note 16)	51,345	57,702	614
Deferred income taxes (Note 3 and 15)	199,051	264,616	2,815
Other noncurrent liabilities (Notes 11, 12, 17 and 23)	285,080	305,501	3,250
Total noncurrent liabilities	4,295,577	5,126,502	54,537
Total liabilities	8,761,543	9,854,615	104,836
Commitments and contingencies (Note 26)			
Mitsubishi Corporation shareholders' equity (Notes 18, 19 and 28)			
Common stock—authorized, 2,500,000,000 shares, issued, 2012— 1,653,505,751 shares and 2013— 1,653,505,751 shares, outstanding, 2012— 1,646,172,919 shares and 2013— 1,647,157,995 shares	204,447	204,447	2,175
Additional paid-in capital	262,039	262,705	2,795
Retained earnings			
Appropriated for legal reserve	44,133	44,933	478
Unappropriated (Note 3)	3,300,588	3,563,056	37,905
Accumulated other comprehensive income (losses)			
Net unrealized gains on available for sale securities	230,362	305,447	3,249
Net unrealized losses on derivatives (Note 3)	(8,433)	(4,768)	(51)
Defined benefit pension plans (Note 3)	(78,303)	(87,887)	(935)
Foreign currency translation adjustments (Note 3)	(426,450)	(90,265)	(960)
Subtotal	(282,824)	122,527	1,303
Less treasury stock—at cost, 7,332,832 shares in 2012 and 6,347,756 shares in 2013	(20,565)	(17,970)	(191)
Total Mitsubishi Corporation shareholders' equity	3,507,818	4,179,698	44,465
Noncontrolling interest	318,959	376,352	4,004
Total equity	3,826,777	4,556,050	48,469
Total liabilities and equity	¥12,588,320	¥14,410,665	$153,305

(Concluded)

Consolidated Statements of Income

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2011, 2012 and 2013

	Millions of Yen			Millions of U S Dollars (Note 1)
	2011	2012	2013	2013
Revenues (Notes 11, 12 and 21)				
Revenues from trading, manufacturing and other activities	¥4,590,888	¥4,944,801	¥5,376,773	$57,200
Trading margins and commissions on trading transactions	615,985	621,031	592,001	6,298
Total revenues	5,206,873	5,565,832	5,968,774	63,498
Operating transactions (Notes 1 and 21) 2011—¥19,233,443 million, 2012—¥20,126,321 million, 2013—¥20,207,183 million—$214,970 million				
Cost of revenues from trading, manufacturing and other activities (Notes 11 and 12)	4,056,971	4,437,972	4,939,117	52,544
Gross profit (Note 21)	1,149,902	1,127,860	1,029,657	10,954
Other expenses (income)				
Selling, general and administrative (Note 16)	824,622	850,214	889,955	9,467
Provision for doubtful receivables (Note 7)	9,139	6,524	5,827	62
Interest expense (net of interest income of 2011—¥33,077 million, 2012—¥38,633 million, 2013—¥37,241 million—$396 million) (Notes 11 and 21)	6,699	3,202	5,990	64
Dividend income (Note 3)	(120,601)	(111,236)	(144,593)	(1,538)
Gain on marketable securities and investments—net (Notes 4, 5, 11, 12 and 21)	(53,439)	(21,968)	(34,132)	(363)
Loss on property and equipment—net (Notes 8 and 10)	2,557	7,085	24,436	260
Other income—net (Notes 4, 10, 11 and 22)	(49,180)	(60,669)	(55,032)	(585)
Total	619,797	673,152	692,451	7,367
Income before income taxes and equity in earnings of Affiliated companies and other	530,105	454,708	337,206	3,587
Income taxes (Notes 15 and 21)				
Current	168,581	130 551	120,552	1,282
Deferred (Note 3)	30,099	37,779	(7,066)	(75)
Total	198,680	168,330	113,486	1,207
Income before equity in earnings of Affiliated companies and other	331,425	286,378	223,720	2,380
Equity in earnings of Affiliated companies and other (Notes 3, 6 and 21)	167,002	192,418	164,274	1,748
Net income (Note 3)	498,427	478,796	387,994	4,128
Less net income attributable to the noncontrolling interest	(33,884)	(26,452)	(27,966)	(298)
Net income attributable to Mitsubishi Corporation (Note 3)	¥ 464,543	¥452,344	¥360,028	$3,830

	Yen			U S Dollars (Note 1)
Net income attributable to Mitsubishi Corporation per share (Notes 3 and 20)				
Basic	¥282 62	¥274 91	¥218 66	$2 33
Diluted	281 87	274 30	218 18	2 32

See notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2011, 2012 and 2013

	Millions of Yen			Millions of U S Dollars (Note 1)
	2011	2012	2013	2013
Net income	¥498,427	¥478,796	¥387,994	$4,128
Other comprehensive income (loss), net of tax				
Net unrealized (losses) gains on available-for-sale securities (Notes 5 and 19)	(25,558)	(8,176)	76,992	819
Net unrealized gains (losses) on derivatives (Notes 3, 11 and 19)	12,493	(33,349)	3,036	32
Defined benefit pension plans (Notes 3, 16 and 19)	910	1,225	(10,171)	(108)
Foreign currency translation adjustments (Notes 3 and 19)	(77,648)	(32,722)	351,518	3,740
Total other comprehensive (loss) income, net of tax	(89,803)	(73,022)	421,375	4,483
Comprehensive income	408,624	405,774	809,369	8,611
Comprehensive income attributable to the noncontrolling interest	(26,770)	(22,129)	(43,990)	(469)
Comprehensive income attributable to Mitsubishi Corporation	¥381,854	¥383,645	¥765,379	$8,142

See notes to consolidated financial statements

Consolidated Statements of Equity

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2011, 2012 and 2013

	Millions of Yen			Millions of U S Dollars (Note 1)
	2011	2012	2013	2013
Common stock				
Balance, beginning of year—shares issued				
2011—1,696,686,871 shares				
2012—1,697,268,271 shares				
2013—1,653,505,751 shares	¥203,228	¥203,598	¥204,447	$2,175
Issuance of common stock and reclassification adjustment from additional paid-in capital upon exercise of stock options				
2011—581,400 shares				
2012—475,700 shares				
2013— 0 shares (Note 24)	370	396		
Issuance of common stock upon conversion of convertible bond				
2011— 0 shares				
2012—761,780 shares				
2013— 0 shares (Notes 14 and 27)		453		
Balance, end of year—shares issued				
2011—1,697,268,271 shares				
2012—1,653,505,751 shares				
2013—1,653,505,751 shares (Note 18)	¥203,598	¥204,447	¥204,447	$ 2,175
Additional paid-in capital				
Balance, beginning of year	¥254,138	¥256,501	¥262,039	$ 2,788
Compensation costs related to stock options (Note 24)	1,240	1,256	1,006	11
Issuance of common stock and reclassification adjustment to common stock upon exercise of stock options (Note 24)	122	(116)		
Sales of treasury stock upon exercise of stock options (Note 24)		(636)	(925)	(10)
Issuance of common stock upon conversion of convertible bond (Notes 14 and 27)		452		
Losses on sales of treasury stock	(1)			
Retirement of treasury stock (Note 18)		(9)		
Equity transactions with the noncontrolling interest and others	1,002	4,591	585	6
Balance, end of year	¥256,501	¥262,039	¥262,705	$ 2,795
Retained earnings appropriated for legal reserve				
Balance, beginning of year	¥43,189	¥43,670	¥44,133	$469
Transfer from unappropriated retained earnings	481	463	800	9
Balance, end of year	¥43,670	¥44,133	¥44,933	$478

(Continued)

	Millions of Yen			Millions of U S Dollars (Note 1)
	2011	2012	2013	2013
Unappropriated retained earnings				
Balance, beginning of year	¥2,708,547	¥3,095,348	¥3,300,588	$35,113
Net income attributable to Mitsubishi Corporation (Note 3)	464,543	452,344	360,028	3,830
Total	3,173,090	3,547,692	3,660,616	38,943
Deduct				
Cash dividends paid to Mitsubishi Corporation's shareholders (annual rate per share of 2011—¥47 0 2012—¥71 0 2013—¥58 0 —$ 0 62)	(77,261)	(116,802)	(95,503)	(1,016)
Transfer to retained earnings appropriated for legal reserve	(481)	(463)	(800)	(9)
Sales of treasury stock upon exercise of stock options (Note 24)		(1,237)	(1,257)	(13)
Losses on sales of treasury stock		(1)		
Retirement of treasury stock (Note 18)		(128,601)		
Total	(77,742)	(247,104)	(97,560)	(1,038)
Balance, end of year	¥3,095,348	¥3,300,588	¥3,563,056	$37,905
Accumulated other comprehensive income (loss), net of tax				
Balance, beginning of year	¥(131,436)	¥(214,125)	¥(282,824)	$(3,009)
Net unrealized (losses) gains on available-for-sale securities (Notes 5 and 19)	(24,505)	(6,430)	75,085	799
Net unrealized gains (losses) on derivatives (Notes 3, 11 and 19)	12,445	(32,787)	3,665	39
Defined benefit pension plans (Notes 3, 16 and 19)	833	1,251	(9,584)	(102)
Foreign currency translation adjustments (Notes 3 and 19)	(71,462)	(30,733)	336,185	3,576
Balance, end of year	¥(214,125)	¥(282 824)	¥122,527	$1,303
Treasury stock				
Balance, beginning of year	¥(151,572)	¥(151,650)	¥(20,565)	$(219)
Sales of treasury stock upon exercise of stock options (Note 24)		2,491	2,578	28
Purchases and sales—net (Note 18)	(78)	(16)	17	
Retirement (Note 18)		128,610		
Balance, end of year	¥(151,650)	¥(20,565)	¥(17,970)	$(191)
Total Mitsubishi Corporation shareholders' equity	¥3,233,342	¥3,507,818	¥4,179,698	$44,465
Noncontrolling interest				
Balance, beginning of year	¥306,174	¥316,603	¥318,959	$3,393
Cash dividends paid to the noncontrolling interest	(21,050)	(20,870)	(14,584)	(155)
Equity transactions with the noncontrolling interest and others	4,709	1,097	27,987	298
Net income attributable to the noncontrolling interest	33,884	26,452	27,966	298
Net unrealized (losses) gains on available-for-sale securities, net of tax	(1,053)	(1,746)	1,907	20
Net unrealized gains (losses) on derivatives, net of tax	48	(562)	(629)	(7)
Defined benefit pension plans, net of tax	77	(26)	(587)	(6)
Foreign currency translation adjustments, net of tax	(6,186)	(1,989)	15,333	163
Balance, end of year	¥316,603	¥318,959	¥376,352	$4,004

(Continued)

	Millions of Yen			Millions of U S Dollars (Note 1)
	2011	2012	2013	2013
Total equity				
Balance, beginning of year	¥3,232,268	¥3,549,945	¥3,826,777	$40,710
Issuance of common stock upon exercise of stock options	492	280		
Sales of treasury stock upon exercise of stock options		618	396	4
Compensation costs related to stock options	1,240	1,256	1,006	11
Issuance of common stock upon conversion of convertible bond		905		
Losses on sales of treasury stock	(1)	(1)		
Net income	498,427	478,796	387,994	4,128
Cash dividends paid to Mitsubishi Corporations' shareholders	(77,261)	(116,802)	(95,503)	(1,016)
Cash dividends paid to the noncontrolling interest	(21,050)	(20,870)	(14,584)	(155)
Net unrealized (losses) gains on available-for-sale securities, net of tax	(25,558)	(8,176)	76,992	819
Net unrealized gains (losses) on derivatives, net of tax	12,493	(33,349)	3,036	32
Defined benefit pension plans, net of tax	910	1,225	(10,171)	(108)
Foreign currency translation adjustments, net of tax	(77,648)	(32,722)	351,518	3,740
Purchases and sales—net of treasury stock	(78)	(16)	17	
Equity transactions with the noncontrolling interest and others	5,711	5,688	28,572	304
Balance, end of year	¥3,549,945	¥3,826,777	¥4,556,050	$48,469

See notes to consolidated financial statements

(Cocluded)

Consolidated Statements of Cash Flows

Mitsubishi Corporation and Subsidiaries
Years Ended March 31, 2011, 2012 and 2013

	Millions of Yen			Millions of U S Dollars (Note 1)
	2011	2012	2013	2013
Operating activities				
Net income	¥498,427	¥478,796	¥387,994	$4,128
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	143,819	145,428	157,405	1,675
Provision for doubtful receivables	9,139	6,524	5,827	62
Accrued pension and severance costs, less payments	(3,746)	5,955	(2,354)	(25)
Gain on marketable securities and investments—net	(53,439)	(21,968)	(34,132)	(363)
Loss on property and equipment—net	2,557	7,085	24,436	260
Equity in earnings of Affiliated companies and other, less dividends received	(19,979)	(48,277)	(29,658)	(316)
Deferred income taxes	30,099	37,779	(7,066)	(75)
Changes in operating assets and liabilities				
Short-term investments—trading securities	(127)	(360)	638	7
Notes and accounts receivable—trade	(164,364)	(285,469)	64,760	689
Inventories	(163,488)	(95,387)	(100,478)	(1,069)
Notes, acceptances and accounts payable—trade	74,431	255,880	5,150	55
Advance payments to suppliers	27,012	40,420	6,355	68
Advances from customers	(40,272)	(38,644)	(19,260)	(205)
Other receivables	10,865	(6,188)	(17,106)	(182)
Other payables	(15,765)	57,593	53,034	564
Other accrued expenses	11,046	8,722	(230)	(2)
Other current assets	24,628	23,151	(22,566)	(240)
Other current liabilities	22,803	31,389	(2,232)	(24)
Other noncurrent liabilities	600	12,271	(11,796)	(126)
Other—net	(63,042)	(64,006)	(55,408)	(590)
Net cash provided by operating activities	331,204	550,694	403,313	4,291
Investing activities				
Expenditures for property and equipment	(228,654)	(412,991)	(577,961)	(6,149)
Proceeds from sales of property and equipment	44,366	49,038	45,304	482
Investments in and advances to Affiliated companies and other	(106,214)	(842,725)	(408,551)	(4,346)
Proceeds from sales of investments in and collection of advances to Affiliated companies and other	38,686	87,122	164,057	1,745
Acquisitions of businesses, net of cash acquired	(35,548)	(57,076)	(12,439)	(132)
Proceeds from sales of businesses, net of cash divested	3,844	21,546	2,063	22
Purchases of available-for-sale securities	(242,201)	(34,273)	(19,792)	(211)
Proceeds from sales of available-for-sale securities	50,068	20,831	65,602	698
Proceeds from maturities of available-for-sale securities	263,738	55,263	21,537	229
Purchases of other investments	(48,510)	(109,955)	(61,027)	(649)
Proceeds from sales of other investments	65,481	95,494	82,736	880
Increase in loans receivable	(277,529)	(118,644)	(198,252)	(2,109)
Collection of loans receivable	206,397	162,888	148,503	1,580
Net decrease (increase) in time deposits	3,475	(17,431)	(4,257)	(45)
Net cash used in investing activities	(262,601)	(1,100,913)	(752,477)	(8,005)

(Continued)

Financing activities				
Net increase (decrease) in short-term debt	127,216	257,898	(147,553)	(1,570)
Proceeds from long-term debt—net of issuance cost	574,254	995,932	1,385,319	14,738
Repayment of long-term debt	(526,435)	(532,937)	(728,347)	(7,748)
Payment of dividends	(77,261)	(116,802)	(95,503)	(1,016)
Payment of dividends to the noncontrolling interest	(21,050)	(20,870)	(14,584)	(155)
Payment for acquisition of subsidiary's interests from the noncontrolling interest	(6,620)	(2,440)	(893)	(10)
Proceeds from sales of subsidiary's interests to the noncontrolling interest	6,172	17,385	2,858	30
Proceeds from issuing common stock upon exercise of stock options	492	280		
Net (increase) decrease in treasury stock	(19)	613	390	4
Net cash provided by financing activities	76,749	599,059	401,687	4,273
Effect of exchange rate changes on cash and cash equivalents	(17,154)	(4,631)	40,281	428
Net increase in cash and cash equivalents	128,198	44,209	92,804	987
Cash and cash equivalents, beginning of year	1,080,544	1,208,742	1,252,951	13,330
Cash and cash equivalents, end of year	¥1,208,742	¥1,252,951	¥1,345,755	$14,317

See notes to consolidated financial statements

(Concluded)

Notes to Consolidated Financial Statements

Mitsubishi Corporation and Subsidiaries

1 NATURE OF OPERATIONS AND BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

Nature of Operations—

Mitsubishi Corporation (the "Parent"), together with its consolidated domestic and foreign subsidiaries (collectively, the "Company"), is a diversified organization engaged in a wide variety of business activities, providing various types of products and services on a global basis Through the Company's domestic and overseas network, the Company is engaged in general trading, including the purchasing, supplying and manufacturing of a wide range of products related to energy, metals, machinery, chemicals and living essentials, in addition to natural resources development, infrastructure-related businesses and financial businesses The Company is also engaged in the development of new business models in the new energy, environmental and new technology fields

Basis of Consolidated Financial Statements—

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Parent is incorporated and principally operates The translation of Japanese yen amounts into United States ("U S ") dollar amounts with respect to the year ended March 31, 2013 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥94=$1, the rate of exchange as of March 31, 2013 Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U S dollars at this or any other rate

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U S GAAP") Because the Parent and its subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in the countries of their respective domiciles, certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements in order to conform with U S GAAP These adjustments have not been recorded in the statutory books of account

"Operating transactions," as presented in the consolidated statements of income, is a voluntary disclosure commonly made by Japanese trading companies It represents the gross transaction value of sales contracts in which the Company acts as a principal or as an agent Transactions in which the Company's role is limited to that of broker are recorded net and included in operating transactions Operating transactions are not meant to represent revenues in accordance with U S GAAP and should not be construed as equivalent to, or a substitute or proxy for, revenues However, as management believes operating transaction information is useful to users of the consolidated financial statements, a voluntary disclosure is made in the consolidated statements of income

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below

Consolidation and Investments in Subsidiaries and Affiliated Companies—
The consolidated financial statements include the accounts of the Parent and its majority-owned domestic and foreign subsidiaries that the Parent controls In addition, the Company consolidates variable interest entities ("VIEs") for which the Company is the primary beneficiary Unincorporated joint ventures, in which the Company holds an undivided interest in the assets and is proportionately liable for the liabilities, are proportionately consolidated by the Company All significant intercompany accounts and transactions have been eliminated

Investments in companies and corporate joint ventures over which the Company is able to exert significant influence over the operating and financial decisions ("Affiliated companies") are accounted for using the equity method of accounting If a decline in fair value of investments in Affiliated companies accounted for using the equity method is determined to be other-than-temporary, an impairment loss is recognized equal to the difference between the investments' carrying amount and their fair value Certain majority-owned entities are also accounted for using the equity method where the minority shareholder or shareholders have substantive participating rights All significant intercompany profits have been eliminated in proportion to interests in Affiliated companies

The accounts of certain subsidiaries with a fiscal year end on or after December 31, but prior to the Parent's fiscal year end of March 31, are consolidated on the basis of the subsidiaries' respective fiscal year end There were no significant events that occurred during the intervening period that would require adjustment to or disclosure in the accompanying consolidated financial statements in the years ended March 31, 2012 and 2013

Foreign Currency Translation—
The assets and liabilities of foreign subsidiaries and Affiliated companies are translated into Japanese yen at the respective year-end exchange rates All income and expense accounts are translated at average rates of exchange The resulting translation adjustments are included in accumulated other comprehensive income (loss) ("AOCI") Monetary assets and liabilities denominated in a foreign currency are translated into Japanese yen at year-end exchange rates with the resulting exchange gains or losses recognized in "Other income—net" in the consolidated statements of income

Cash Equivalents—
Cash equivalents are defined as short term with original maturities of three months or less, highly liquid investments, including short-term time deposits, commercial paper, debt securities and certificates of deposit which are readily convertible into cash and have no significant risk of changes in value

Investments in Marketable and Nonmarketable Securities—
Investments in debt and marketable equity securities are classified as either trading securities or available-for-sale securities according to the purpose of investment Trading securities are accounted for at fair value with unrealized gains and losses included in earnings Available-for-sale securities are accounted for at fair value with unrealized gains and losses excluded from earnings and reported, net of tax, in AOCI until realized

Investments in nonmarketable securities include investments in unaffiliated customers, suppliers and certain financial institutions, as well as investments in preferred stock, and are carried at cost ("cost method investments") as their fair value is not readily determinable Investments in nonmarketable securities are included in "Other Investments" in the consolidated balance sheets

The appropriateness of the classification is reassessed at each balance sheet date The cost of marketable securities sold is determined based on the moving-average cost method

The Company reviews investments in marketable and nonmarketable securities for impairment on a regular basis to determine if the fair value of any individual investment has declined below its cost and if such decline is other-than-temporary

For investments in marketable equity securities classified as available-for-sale securities, other-than-temporary declines in fair value are evaluated based on various factors, such as the length of the time and the extent to which the market value is less than cost, the financial condition and near-term prospects of the issuer, and the Company's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value If the decline in fair value is determined to be other-than-temporary, the cost basis of the investment is written down to fair value The resulting impairment loss is included in earnings in the period in which the decline was deemed to be other-than-temporary

For investments in debt securities classified as available-for-sale securities, an other-than-temporary impairment is recognized in earnings equal to the entire difference between the fair value and the amortized cost when the fair value has declined below cost and (1) the Company has the intent to sell the security, (2) it is more-likely-than-not that the Company will be required to sell the security before recovery, or (3) the Company does not expect to recover its entire amortized cost basis of the security However, if the Company does not intend to sell the security and it is not more-likely-than-not that it will be required to sell the security before recovery, but the security is considered to have suffered a credit loss, the impairment charge will be separated into the credit loss component, which is recorded in earnings, and the remainder of the impairment charge, which is recorded in other comprehensive income

For investments in nonmarketable equity securities, if there are identified events or circumstances that have a significant adverse effect on the fair value of an investment, the fair value is presumed to have declined If such decline is considered to be other-than-temporary, the investment is written down to its estimated fair value The resulting impairment loss is included in earnings in the period in which the decline was deemed to be other-than-temporary

Allowance for Doubtful Receivables—
An allowance for doubtful receivables is an estimate of losses from uncollectible receivables and is established based upon primarily the Company's past credit loss experience and an evaluation of the probability of future defaults When it is probable that the Company will be unable to collect all amounts according to the contractual terms of the receivables agreement, the receivables are considered to be impaired The impairment amount of such receivables is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, alternatively, at the observable market price of the receivable or the fair value of the underlying collateral

Inventories—
Inventories, which mainly consist of commodities and materials, are stated at the lower of cost (based, principally, on the average-cost method or the specific-identification method) or market (based on current replacement cost)

Investments in Real Estate Subject to Joint Control—
Investments in real estate that are subject to joint control by the owners are accounted for using equity method Such investments are presented as "Joint investments in real estate" in the consolidated balance sheets

Property and Equipment—
Property and equipment are stated at cost Depreciation of property and equipment other than mineral rights is calculated principally using the straight-line method for buildings and structures, the straight-line or declining-balance method for machinery and equipment, and the straight-line method for aircraft and vessels mainly over the following estimated useful lives

Buildings and structures	5 to 40 years
Machinery and equipment	5 to 40 years
Aircraft and vessels	13 to 25 years

Mineral rights are amortized using the unit-of-production method based on the proven or probable reserves Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease Significant renewals and additions are capitalized at cost Maintenance repairs, minor renewals and betterments are charged to earnings as incurred

Leases—
The Company leases as a lessor properties under arrangements which are classified as direct financing leases and operating leases For direct financing leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment Operating lease income is recognized over the term of underlying leases on a straight-line basis

The Company is also a lessee of various assets For capital leases, the Company measures capital lease assets and capital lease obligations initially at the amount equal to the present value at the beginning of the lease term of minimum lease payments Rental expenses under operating leases are recognized over the respective lease terms using the straight-line method

Impairment of Long-lived Assets—
The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future net cash flows expected to be generated by the asset If the carrying amount of an asset exceeds its estimated discounted future cash flows, an impairment loss is recognized in the amount by which the carrying amount of the assets exceeds the fair value of the assets These impairment losses are included in "Loss on property and equipment—net" in the accompanying consolidated statements of income A long-lived asset to be disposed of by sale is reported at the lower of the carrying amount or fair value less costs to sell and is no longer depreciated A long-lived asset to be disposed of other than by sale is considered as held and used until disposed of

Business Combinations—
Business combinations are accounted for by the acquisition method The Company separately recognizes and reports acquired intangible assets as goodwill or intangible assets

Goodwill and Other Intangible Assets—
Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested for impairment at least annually and when an event occurs or circumstances change such that it is more likely than not that impairment may exist

The Company tests goodwill for impairment by first comparing the carrying value of net assets to the fair value of the related operations If the fair value is determined to be less than carrying value, a second step is performed to compute the amount of the impairment. In this process, a fair value for goodwill is estimated based, in part, on the fair value of the operations, and is compared to its carrying value The shortfall of the fair value below carrying value represents the amount of the impairment

Intangible assets with indefinite useful lives mainly consist of trade names, rights to use land and customer relationships The Company tests these intangible assets for impairment by comparing their carrying value to current projections of discounted cash flows attributable to the trade names, rights to use land and customer relationships Any excess carrying value over the amount of discounted cash flows represents the amount of the impairment

Intangible assets with definite useful lives mainly consist of software, manufacturing, sales and service licenses and trademarks, intellectual properties related to feasibility studies and customer relationships These assets are amortized over their respective estimated useful lives using the straight-line method

Oil and Gas Exploration and Development—

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting The costs of acquiring properties, drilling and equipping exploratory wells, development wells and related plant and equipment are capitalized and amortized using the unit-of-production method Should the efforts to produce commercial reserves be determined unsuccessful, the exploratory well costs are charged to expense Other exploration costs such as geological and geophysical costs are expensed as incurred Proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value Unproved properties are assessed at least annually for impairment with any impairment charged to expense

Mining Operations—

Mining exploration costs are charged to expense as incurred until the mining project has been established as commercially viable by a final feasibility study Once established as commercially viable, costs are capitalized as mineral rights and are amortized using the unit-of-production method based on the proven and probable reserves

The stripping costs incurred during the production phase of a mine are accounted for as variable production costs and are included in the costs of the inventory produced during the period that the stripping costs are incurred

Employee Benefit Plans—

The Company has defined benefit pension plans, defined contribution pension plans and unfunded severance indemnity plans The costs of defined benefit pension plans and unfunded severance indemnity plans are accrued based on amounts determined using actuarial methods

The Company amortizes the prior service cost principally over the average remaining service period of employees expected to receive related benefits

The Company amortizes the net actuarial loss principally over the average remaining service period of active employees expected to receive benefits

Asset Retirement Obligations—

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred in case the fair value is reasonably estimable When a liability is initially recorded, the Company capitalizes the related costs by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related long-lived assets

Stock-based Compensation—

Stock-based compensation cost is measured at the grant date, based on the estimated fair value of stock-based awards made to directors other than outside directors, executive officers and employees, and is recognized on a straight-line basis over the employee's requisite service period The fair values of stock options are estimated using the Black-Scholes option pricing model

Revenue Recognition—

The Company recognizes revenues when there is persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable, and collectability is reasonably assured

The Company manufactures a wide variety of products, such as metals, machinery, chemicals and general consumer merchandise and develops natural resources The Company also trades a wide variety of commodities and may take ownership risk of such inventory or merely facilitate the Company's customer's purchase and sale of commodities and other products, where it earns a commission for this service

The Company acts as a principal or agent in its activities for earning revenues The Company presents revenue transactions with corresponding cost of revenues on a gross basis as "Revenues from trading, manufacturing and other activities" in the consolidated statements of income for transactions traded as a primary obligor in manufacturing, processing and service rendering for sales with general inventory risk before customer orders For transactions traded as agent, the revenues are presented as "Trading margins and commissions on trading transactions" in the consolidated statements of income on a net basis

The Company acts as a principal seller in manufacturing and other activities It also acts as a principal in various trading transactions where the Company carries commodity inventory and generates a profit or loss on the spread between bid and ask prices for commodities Delivery in these transactions is considered to have occurred at the point in time when the delivery conditions as agreed to by customers have been met This is generally when the goods have been delivered to and accepted by the customer, title to the goods has been transferred, or the implementation testing has been duly completed

The Company also enters into long-term construction contracts as part of its manufacturing business Revenues from long-term construction projects are accounted for using the percentage-of-completion method in cases where the estimated costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable and there is an enforceable agreement between the parties who can fulfill the obligations, otherwise, the completed contract method is used

The Company also performs other activities, which consist of services and rental or leasing activities Service-related activities include performance of various services such as financial and logistics services, information and communications, technical support and other service-related activities The Company is engaged in certain rental activities or leasing of properties, including office buildings, aircraft and other industrial assets Revenues from service-related activities are recognized when the contracted services have been rendered to third-party customers pursuant to the agreement. For revenues from rental or leasing activities, please refer to the accounting policy of leases described before

The Company acts as an agent and records revenues earned from margins and commissions related to various trading transactions in which it acts as an agent Through these trading activities, the Company facilitates its customers' purchases and sales of commodities and other products and earns a commission for this service The trading margins and commissions are recognized when all other revenue recognition criteria have been met

Advertising Costs—
Advertising costs are charged to expense when incurred Advertising costs for the years ended March 31, 2011, 2012 and 2013 were ¥14,153 million, ¥13,762 million and ¥14,420 million ($153 million), respectively

Research and Development Costs—
Research and development costs are charged to expense when incurred Research and development costs for the years ended March 31, 2011, 2012 and 2013 were ¥4,542 million, ¥4,980 million and ¥5,367 million ($57 million), respectively

Income Taxes—
The provision for income taxes is computed based on "Income before income taxes and equity in earnings of Affiliated companies and other" in the accompanying consolidated statements of income The tax effects of temporary differences between the financial statement and income tax bases of assets and liabilities, as well as operating loss carryforwards, are recognized using enacted tax rates applicable to the periods in which the differences are expected to affect taxable income A valuation allowance is provided for any portion of the deferred tax assets where it is considered more-likely-than-not that they will not be realized

The Company recognizes the financial statement effects of tax positions when they are more-likely-than-not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement Interest and penalties accrued related to unrecognized tax benefits are included in income taxes in the consolidated statements of income

The Parent and its wholly owned domestic subsidiaries file a consolidated corporate income tax return as a consolidation group

Derivatives—
The Company utilizes derivative instruments primarily to manage interest rate risks, to reduce exposure to movements in foreign exchange rates, and to hedge the commodity price risk of various inventory and trading commitments All derivative instruments are reported in the balance sheet at fair value as assets or liabilities

Generally, on the date on which the derivative contract is executed, the Company designates such derivative as either a fair value hedge or a cash flow hedge to the extent that hedging criteria are met.

Fair Value Hedge—
Derivative instruments designated as fair value hedges primarily consist of interest rate swaps used to convert fixed-rate assets or debt obligations to floating-rate assets or debt Changes in fair values of hedging derivative instruments are recognized in earnings, offset against the changes in the fair value of the related assets, liabilities and firm commitment, and are included in "Other income—net"

Cash Flow Hedge—
Derivative instruments designated as cash flow hedges include interest rate swaps to convert floating-rate liabilities to fixed-rate liabilities, and forward exchange contracts to eliminate variability in functional-currency-equivalent cash flows on forecasted foreign-currency-denominated sales transactions Additionally, commodity swaps and futures contracts which qualify as cash flow hedges, are utilized to hedge the fluctuation of commodity price risk. Changes in the fair values of derivatives that are designated as cash flow hedges are deferred and recorded as a component of AOCI Derivative unrealized gains and losses included in AOCI are reclassified into earnings at the time that the associated hedged transactions affect the income statement

Hedge of the Net Investment in Foreign Operations—
The Company uses foreign exchange contracts and nonderivative financial instruments such as foreign-currency-denominated debt in order to reduce the foreign currency exposure in the net investment in a foreign operation Changes in fair values of hedging instruments are included in foreign currency translation adjustments within AOCI

Derivative Instruments Used for Other than Hedging Activities—
The Company enters into derivative instruments as part of its brokerage services in commodity futures markets and its trading activities The Company clearly distinguishes derivatives used for brokerage services and trading activities from derivatives used for risk management purposes As part of its internal control policies, the Company has set strict limits on the positions which can be taken in order to manage potential losses for these derivative transactions, and periodically monitors the open positions for compliance

Changes in fair value of derivatives not designated as hedging instruments and held or issued for trading purposes are recorded in earnings The Company offsets the fair value amounts recognized for cash collateral against the fair value of amounts recognized for derivative instruments that are executed with the same counterparty under the same master netting arrangement

Use of Estimates in the Preparation of the Consolidated Financial Statements—
The preparation of consolidated financial statements in conformity with U S GAAP requires management to make estimates and assumptions that affect amounts reported therein Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates Significant estimates underlying the accompanying consolidated financial statements include the allowance for doubtful accounts, valuation of investments, valuation of long-lived assets, pension, asset retirement obligations and uncertain tax positions

Earnings per Share ("EPS")—
Basic EPS is computed by dividing net income attributable to Mitsubishi Corporation by the weighted-average number of common shares outstanding during each year Diluted EPS is computed by using the weighted-average number of common shares outstanding adjusted to include the potentially dilutive effect of stock options and convertible bonds that were outstanding during the year

Guarantees—
The Company recognizes, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee

Fair Value Measurements—
Certain assets and liabilities are required to be recorded at fair value The estimated fair values of those assets and liabilities have been determined using market information and valuation methodologies There are three levels of inputs that may be used to measure fair value

Level 1—Quoted prices for identical assets and liabilities in active markets,

Level 2—Quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets, and

Level 3—Valuation derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Fair Value Option—
The Company has not adopted the option to measure certain financial assets and financial liabilities at fair value which were not required to be measured at fair value

Certain Physical Commodity Swap Transactions Related to Precious Metals—
The Company accounted for certain physical commodity swap transactions related to precious metals as product financings from the year ended March 31, 2013 Prior to March 31, 2013, the Company accounted for these transactions as sales and purchases of physical commodities instead of product financings As the result, inventories and other current liabilities increased by ¥69,113 million ($735 million), respectively for the year ended March 31, 2013
The Company did not restate the balances in connection with such transactions in the consolidated financial statements for the year ended March 31, 2012, as the amounts did not materially affect the Company's consolidated financial statements

Subsequent Events—
The Company assesses the necessity of accounting for and disclosures of events that occur after the consolidated balance sheet date but before the consolidated financial statements are issued

New Accounting Standards—
Recently adopted accounting pronouncements

Effective April 1, 2012, the Company adopted Accounting Standards Update ("ASU") No 2011-08, "Testing Goodwill for impairment " ASU No 2011-08 provides entities with the option of performing a qualitative assessment before performing the quantitative goodwill impairment test. Only if an entity determines in the qualitative assessment that it is more likely than not that the fair value of the reporting unit is less than the carrying amount including goodwill, an entity is required to perform the two-step quantitative goodwill impairment test ASU No 2011-08 does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill at least annually for impairment The Company did not elect the option of performing a qualitative assessment and thus the adoption of ASU No 2011-08 did not have impact on the Company's consolidated financial position and results of operations in the fiscal year ended March 31, 2013

Recent accounting pronouncements not yet adopted

In December 2011, Financial Accounting Standards Board (the "FASB") issued ASU No 2011-10, "Property, Plant, and Equipment-Derecognition of in-substance Real Estate a Scope Clarification " Under the ASU No 2011-10, the reporting entity should apply the guidance in ASC Subtopic 360-20 "Property, Plant, and Equipment - Real Estate Sales" to determine whether it should derecognize the in-substance real estate when the reporting entity ceases to have a controlling financial interest in the subsidiary that is in-substance real estate as a result of a default on the subsidiary's nonrecourse debt ASU No 2011-10 does not revise ASC Subtopic 360-20 itself but clarifies the scope it covers ASU No 2011-10 is effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2012 and is required to be adopted prospectively by the Company no later than the first quarter beginning April 1, 2013 The adoption of ASU No 2011-10 is not expected to materially impact the Company's consolidated financial position or results of operations

In July 2012, the FASB issued ASU No 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment " ASU No 2012-02 provides entities with the option of performing a qualitative assessment before performing the quantitative indefinite-lived intangible assets impairment test Only if an entity determines in the qualitative assessment that it is more likely than not that the fair value of the indefinite-lived intangible assets is less than the carrying amount, an entity is required to perform the quantitative indefinite-lived intangible assets impairment test ASU No 2012-02 does not change how indefinite-lived intangible assets are calculated, nor does it revise the requirement to test indefinite-lived intangible assets at least annually for impairment ASU No 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and is required to be adopted by the Company no later than the first quarter beginning April 1, 2013 The Company will not elect the option of performing a qualitative assessment

In February 2013, the FASB issued ASU No 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date " ASU No 2013-04 provides entities with the guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liabilities arrangements for which the total amount of the obligation is fixed at the reporting date ASU No 2013-04 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013 The Company is currently evaluating ASU No 2013-04 to determine its impact on the Company's consolidated financial position and results of operations

In March 2013, the FASB issued ASU No 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" ASU No 2013-05 provides entities with guidance for the treatment of the cumulative translation adjustment upon derecognition ASU No 2013-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013 The Company is currently evaluating ASU No 2013-05 to determine its impact on the Company's consolidated financial position and results of operations

In June 2013, the FASB issued ASU No 2013-08, "Amendments to the Scope, Measurement, and Disclosure Requirements " ASU No 2013-08 changes the approach to the investment company assessment in ASC Topic 946, clarifies the characteristics of an investment company, and provides comprehensive guidance for assessing whether an entity is an investment company ASU No 2013-08 also amends the measurement criteria for noncontrolling ownership interests in other investment companies and provides additional disclosure requirements ASU No 2013-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013 The Company is currently evaluating ASU No 2013-08 to determine its impact on the Company's consolidated financial position and results of operations

3. RETROSPECTIVE ADJUSTMENT OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS

During the year ended March 31, 2013, the Company entered into a shareholders' agreement, concerning the management of Anglo American Sur, S.A. ("Anglo Sur", a Chilean copper mining and smelting company), with Anglo American plc and the other shareholders. The Company had held an equity interest in Anglo Sur since the year ended March 31, 2012, and had previously applied the cost method for the investment.

With the execution of the shareholders' agreement, the Company is able to exert significant influence over Anglo Sur, and thus for the year ended March 31, 2013, the Company accounts for its investment in Anglo Sur under the equity method.

Accordingly, the Company has retrospectively adjusted its investment in Anglo Sur and the retained earnings of the Company. The effect of the retrospective adjustment on the consolidated financial statements as of and for the year ended March 31, 2012 is as follows:

	Millions of Yen	
	2012	
	As Originally Reported	As Adjusted
Consolidated Balance Sheets		
Investments in and advances to Affiliated companies	¥1,660,383	¥2,097,976
Other investments	1,854,619	1,414,584
Other assets	178,243	180,492
Noncurrent liabilities-Deferred income taxes	197,734	199,051
Retained earnings-Unappropriated	3,302,093	3,300,588
Net unrealized losses on derivatives	(8,421)	(8,433)
Defined benefit pension plans	(78,318)	(78,303)
Foreign currency translation adjustments	(426,442)	(426,450)
Consolidated Statements of Income		
Dividend income	115,498	111,236
Deferred income taxes	(38,627)	(37,779)
Equity in earnings of Affiliated companies and other	190,509	192,418
Net income	480,301	478,796
Net income attributable to Mitsubishi Corporation	453,849	452,344

	Yen	
	2012	
	As Originally Reported	As Adjusted
Earnings per share		
Net income attributable to Mitsubishi Corporation per share		
Basic	¥275.83	¥274.91
Diluted	275.22	274.30

4 BUSINESS COMBINATIONS

Significant business combinations for the year ended March 31, 2012 and recognized adjustments for the year ended March 31, 2013 were as follows

Acquisition of Chuo Kagaku Co , Ltd

On October 26, 2011 (the acquisition date), the Company acquired through a tender offer an additional 46 25% of voting rights in Chuo Kagaku Co , Ltd ("Chuo Kagaku") whose business involves the manufacture and sale of plastic food packaging products

These rights, added to its previously held equity interest, raised the Company's ownership of Chuo Kagaku to 60 59% of voting rights As a result, Chuo Kagaku became a subsidiary of the Company as the Company obtained control of Chuo Kagaku The acquisition of Chuo Kagaku is expected to expand the earnings power of the Company in the plastics business and its scope of business in China

The following table summarizes the estimated fair values of consideration paid, previously held equity interest and noncontrolling interest, as well as the assets acquired and liabilities assumed at the date of the acquisition

	Millions of Yen
	2012
Fair value of consideration paid	¥3,597
Fair value of previously held equity interest	1,115
Fair value of noncontrolling interest	3,064
Total	¥7,776
Fair value of assets acquired and liabilities assumed	
Current assets	¥27,721
Investments and noncurrent receivables	1,712
Property and equipment	17,759
Other assets	2,072
Current liabilities	(32,079)
Noncurrent liabilities	(3,500)
Net assets	¥13,685

Upon remeasuring the fair value of its previously held equity interest, the Company recorded a gain of ¥75 million in "Gain on marketable securities and investments-net" for the year ended March 31, 2012

This business combination resulted in a bargain purchase transaction because the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid, the fair value of previously held equity interest, and the fair value of noncontrolling interest by ¥5,909 million The Company has recognized the amount as a gain for the year ended March 31, 2012 and recorded the amount in "Other income-net"

The fair value of the previously held equity interest and noncontrolling interest in Chuo Kagaku, a listed entity, are measured at quoted market price

Pro forma results of operations for the above business combination have not been presented because the effects are not material to the consolidated financial statements

The results of operations of Chuo Kagaku since the acquisition date included in the consolidated statements of income for the year ended March 31, 2012 were as follows

	Millions of Yen
	2012
Revenues	¥16,026
Net income attributable to Mitsubishi Corporation	¥681

Acquisition of Crosslands Resources Ltd and Oakajee Port and Rail

On February 20, 2012 (the acquisition date), from Murchison Metals Ltd, the Company acquired an additional 50% of interests in Crosslands Resources Ltd ("CRL"), which is the owner of the Jack Hills iron ore deposit, and Oakajee Port and Rail ("OPR") which is engaged in the associated rail and port infrastructure project in the mid-west region of Western Australia

These interests, added to its previously held equity interest, raised the Company's ownership of CRL and OPR to 100% of the outstanding equity interests As a result, CRL and OPR were wholly owned by the Company as the Company obtained control of them

Following completion of the transaction, the Company will support CRL and OPR in recommencing key activities, including finalization of feasibility studies and obtaining necessary approvals for various projects When appropriate and in due course, the Company intends to introduce a suitably capitalized partner(s) or investor(s) to take up the interests acquired through the transaction The introduction of such partner(s) will assist funding of the projects and re-engagement with OPR Foundation Customers

As the initial measurement for the business combination, mainly the purchase price allocation for property and equipment, other intangible assets, deferred income taxes, was not completed as of the year ended March 31, 2012, the Company reported provisional amounts for the items in the consolidated financial statements The initial measurement has been completed for the year ended March 31,2013 The following table summarizes the final fair values of consideration paid, previously held equity interest, as well as the assets acquired and liabilities assumed at the date of the acquisition The measurement period adjustments did not have a significant impact on the Company's results of operations and financial position and, therefore, the Company has not retrospectively adjusted the consolidated financial statements

	Millions of Yen	Millions of Yen
	2012	2013
Fair value of consideration paid	¥27,830	¥27,830
Fair value of previously held equity interest	23,224	27,830
Total	¥51,054	¥55,660
Fair value of assets acquired and liabilities assumed		
Current assets	¥3,268	¥2,866
Property and equipment	40,521	33,385
Other intangible assets-net	14,895	14,937
Other assets		7,129
Current liabilities	(3,176)	(2,657)
Noncurrent liabilities	(9,068)	
Net assets	¥46,440	¥55,660
Goodwill	4,614	
Total	¥51,054	¥55,660

Upon remeasuring the fair value of its previously held equity interest, the Company recorded a gain of ¥15,195 million in "Gain on marketable securities and investments-net" for the year ended March 31, 2012 and 2013 in total

The fair value of the previously held equity interest are determined on a comprehensive basis, taking into account the acquisition value and the valuation, by a third party, of assets and liabilities which are held by CRL and OPR.

Pro forma results of operations for the above business combination have not been presented because the effects are not material to the consolidated financial statements

Significant business combinations for the year ended March 31, 2013 were as follows

Acquisition of M O TEC CORPORATION

On February 20, 2013 (the acquisition date), the Company acquired through a tender offer an additional 52 83% of voting rights in M O TEC CORPORATION ("M O TEC ") whose business involves lease, sales, construction, maintenance and transportation of materials for temporary construction

These rights, added to its previously held equity interest, raised the Company's ownership of M O TEC to 94 56% of voting rights As a result, M O TEC became a subsidiary of the Company as the Company obtained control of M O TEC The acquisition of M O TEC is intended to expand the earnings power in the structural steel, ferrous raw materials business and heavy temporary construction business

The following table summarizes the estimated fair values of consideration paid, previously held equity interest and noncontrolling interest, as well as the assets acquired and liabilities assumed at the date of the acquisition

	Millions of Yen	Millions of U S Dollars
	2013	2013
Fair value of consideration paid	¥2,580	$27
Fair value of previously held equity interest	1,962	21
Fair value of noncontrolling interest	281	3
Total	¥4,823	$51
Fair value of assets acquired and liabilities assumed		
Current assets	¥35,892	$382
Investments and noncurrent receivables	984	10
Property and equipment	10,487	112
Other intangible assets-net	357	4
Other assets	13	
Current liabilities	(28,690)	(305)
Noncurrent liabilities	(3,438)	(37)
Net assets	¥15,605	$166

Upon remeasuring the fair value of its previously held equity interests, the Company recorded a gain of ¥202 million ($2 million) in "Gain on marketable securities and investments-net" for the year ended March 31, 2013

This business combinations resulted in a bargain purchase transactions because the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid, the fair value of previously held equity interest, and the fair value of noncontrolling interests by ¥10,782 million ($115 million) The Company has recognized the amount as a gain for the year ended March 31, 2013 and recorded the amount in "Other income-net" in the Metals segment

The fair value of the previously held equity interest and noncontrolling interest in M O TEC, a listed entity, are measured at quoted market price

Pro forma results of operations for the above business combinations have not been presented because the effects are not material to the consolidated financial statements

Acquisition of YONEKYU CORPORATION

On February 27, 2013 (the acquisition date), the Company acquired through a tender offer an additional 44 27% of voting rights in YONEKYU CORPORATION ("YONEKYU") whose business involves production and sale of meat, foods and beverage, and management of restaurants, etc

These rights, added to its previously held equity interest, raised the Company's ownership of YONEKYU to 71 02% of voting rights As a result, YONEKYU became a subsidiary of the Company as the Company obtained control of YONEKYU The acquisition of YONEKYU is expected to enhance the Company's feed and meat business

The following table summarizes the estimated fair values of consideration paid, previously held equity interest and noncontrolling interest, as well as the assets acquired and liabilities assumed at the date of the acquisition

	Millions of Yen	Millions of U S Dollars
	2013	2013
Fair value of consideration paid	¥10,670	$113
Fair value of previously held equity interest	6,447	69
Fair value of noncontrolling interest	5,426	58
Total	¥22,543	$240
Fair value of assets acquired and liabilities assumed		
Current assets	¥34,076	$363
Investments and noncurrent receivables	5,902	63
Property and equipment	18,336	195
Other intangible assets	716	7
Other assets	1,396	15
Current liabilities	(24,550)	(261)
Noncurrent liabilities	(2,636)	(28)
Net assets	¥33,240	$354

Upon remeasuring the fair value of its previously held equity interest, the Company recorded a gain of ¥985 million ($10 million) in "Gain on marketable securities and investments-net" for the year ended March 31, 2013

This business combination resulted in a bargain purchase transaction because the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid, the fair value of previously held equity interest, and the fair value of noncontrolling interest by ¥10,697 million ($114 million) The Company has recognized the amount as a gain for the year ended March 31, 2013 and recorded the amount in "Other income-net" in the Living Essentials segment

The fair value of the previously held equity interest in YONEKYU, a listed entity, is measured at the quoted market price The fair value of noncontrolling interest in YONEKYU, is measured at the price based on the quoted market price with an adjustment for control premium

Pro forma results of operations for the above business combination have not been presented because the effects are not material to the consolidated financial statements

5 INVESTMENTS IN MARKETABLE AND NONMARKETABLE SECURITIES

Investments in marketable and nonmarketable securities at March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
(Short-term investments)	2012	2013	2013
Trading	¥9,021	¥11,800	$126
Available-for-sale (excluding cash and cash equivalents)	10,306	15,080	160
Total	¥19,327	¥26,880	$286

	Millions of Yen		Millions of U S Dollars
(Other investments)	2012	2013	2013
Available-for-sale	¥973,879	¥1,067,805	$11,360
Investments in Other than Debt and Marketable Equity Securities	440,705	429,716	4,571
Total	¥1,414,584	¥1,497,521	$15,931

Debt and Marketable Equity Securities—Investments in debt and marketable equity securities are classified as either trading securities or available-for-sale securities Fair values of debt and marketable equity securities are estimated using the valuation methodology used to determine fair value is in the "Assets and Liabilities Measured at Fair Value on a Recurring Basis" section of Note 12 Information regarding each category of securities classified as trading and available-for-sale at March 31, 2012 and 2013 was as follows

	Millions of Yen			
March 31, 2012	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities classified as				
Trading				¥9,021
Available-for-sale				
Marketable equity securities				
Domestic	¥369,584	¥282,195	¥(16,374)	635,405
Foreign	118,099	165,333	(1,032)	282,400
Total marketable equity securities	487,683	447,528	(17,406)	917,805
Debt securities				
Domestic	19,317	12	(10)	19,319
Foreign	55,325	288	(5,403)	50,210
Total debt securities	74,642	300	(5,413)	69,529
Total available-for-sale	¥562,325	¥447,828	¥(22,819)	¥987,334

March 31, 2013	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	Millions of Yen			
Securities classified as				
Trading				¥11,800
Available-for-sale				
Marketable equity securities				
Domestic	¥361,904	¥357,632	¥(7,875)	711,661
Foreign	116,662	190,216	(875)	306,003
Total marketable equity securities	478,566	547,848	(8,750)	1,017,664
Debt securities				
Domestic	19,083	11	(3)	19,091
Foreign	52,483	124	(3,251)	49,356
Total debt securities	71,566	135	(3,254)	68,447
Total available-for-sale	¥550,132	¥547,983	¥(12,004)	¥1,086,111

March 31, 2013	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	Millions of U S Dollars			
Securities classified as				
Trading				$126
Available-for-sale				
Marketable equity securities				
Domestic	$3,850	$3,805	$(84)	7,571
Foreign	1,241	2,023	(9)	3,255
Total marketable equity securities	5,091	5,828	(93)	10,826
Debt securities				
Domestic	203			203
Foreign	558	2	(35)	525
Total debt securities	761	2	(35)	728
Total available-for-sale	$5,852	$5,830	$(128)	$11,554

Marketable equity securities classified as available-for-sale primarily consist of domestic stocks and debt securities primarily consist of commercial paper and corporate bonds, as of March 31, 2012 and 2013

The carrying amounts of debt securities classified as available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the consolidated balance sheets were ¥3,149 million and ¥3,226 million ($34 million) at March 31, 2012 and 2013, respectively

The carrying values of debt securities classified as available-for-sale at March 31, 2012 and 2013, by contractual maturity, were as follows

	Millions of Yen
	2012
Due in one year or less	
Domestic	¥7,097
Foreign	6,358
Total due in one year or less	13,455
Due after one year through five years	
Domestic	12,182
Foreign	36,759
Total due after one year through five years	48,941
Due after five years through ten years	
Domestic	40
Foreign	7,093
Total due after five years through ten years	7,133
Total	¥69,529

	Millions of Yen	Millions of U S Dollars
	2013	2013
Due in one year or less		
Domestic	¥6,198	$66
Foreign	12,108	129
Total due in one year or less	18,306	195
Due after one year through five years		
Domestic	12,253	130
Foreign	37,248	396
Total due after one year through five years	49,501	526
Due after five years through ten years		
Domestic	640	7
Foreign		
Total due after five years through ten years	640	7
Total	¥68,447	$728

Certain debt securities, such as mortgage-backed securities, are not due at a single maturity date since issuers of the securities may have the right to redeem the securities prior to their contractual final maturity date Such securities are grouped in the table above based on their anticipated maturity date as of March 31, 2013

Proceeds and gross realized gains and losses from sales of investments in debt and marketable equity securities classified as available-for-sale securities for the years ended March 31, 2011, 2012 and 2013 were as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Proceeds from sales	¥50,068	¥20,831	¥65,602	$698
Gross realized gains	¥31,774	¥11,399	¥38,237	$407
Gross realized losses	(485)	(989)	(544)	(6)
Net realized gains	¥31,289	¥10,410	¥37,693	$401

The amounts of trading gains and losses for the period that relate to trading securities still held at the reporting date were losses of ¥316 million, losses of ¥967 million and losses of ¥400 million ($4 million), for the years ended March 31, 2011, 2012 and 2013, respectively

For the years ended March 31, 2011, 2012 and 2013, impairment losses of ¥12,073 million, ¥3,314 million and ¥11,459 million ($122 million), respectively, were recognized on the investments in debt and marketable equity securities classified as available-for-sale securities as the decline in the fair value was considered to be other-than-temporary.

With respect to the foreign debt securities, the Company recognized impairment losses in earnings as the impairments were deemed to be attributable to credit losses. No impairment loss has been recognized on domestic bond. The following table sets forth a 12-month roll forward of such credit losses for debt securities held as of March 31, 2012 and 2013.

	Millions of Yen		Millions of U.S. Dollars
	2012	2013	2013
Balance at beginning of year	¥8,310	¥8,310	$88
Additions for debt securities that have been previously impaired			
Additions for debt securities that have not been previously impaired			
Reductions due to sales or redemptions			
Balance at end of year	¥8,310	¥8,310	$88

The Company considers the investment rating, the contractual nature of the investments, the underlying collateral, the rights to and priority of the investment's cash flows and the condition of the issuers, when recognizing and measuring the amount related to credit losses.

The following table sets forth gross unrealized losses and the fair value of the Company's investments in debt and marketable securities classified as available-for-sale securities with unrealized losses that are not deemed to be other-than-temporary, aggregated by investment category and by the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2012 and 2013.

	Millions of Yen					
	Less than 12 Months		12 Months or Longer		Total	
March 31, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities						
Domestic	¥95,070	¥(14,155)	¥13,441	¥(2,219)	¥108,511	¥(16,374)
Foreign	10,422	(835)	389	(197)	10,811	(1,032)
Total marketable equity securities	105,492	(14,990)	13,830	(2,416)	119,322	(17,406)
Debt securities						
Domestic			2,990	(10)	2,990	(10)
Foreign	21,890	(1,190)	20,231	(4,213)	42,121	(5,403)
Total debt securities	21,890	(1,190)	23,221	(4,223)	45,111	(5,413)
Total	¥127,382	¥(16,180)	¥37,051	¥(6,639)	¥164,433	¥(22,819)

	Millions of Yen					
	Less than 12 Months		12 Months or Longer		Total	
March 31, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities						
Domestic	¥96,216	¥(5,202)	¥17,325	¥(2,673)	¥113,541	¥(7,875)
Foreign	19,129	(792)	647	(83)	19,776	(875)
Total marketable equity securities	115,345	(5,994)	17,972	(2,756)	133,317	(8,750)
Debt securities						
Domestic			2,997	(3)	2,997	(3)
Foreign	8,356	(172)	39,961	(3,079)	48,317	(3,251)
Total debt securities	8,356	(172)	42,958	(3,082)	51,314	(3,254)
Total	¥123,701	¥(6,166)	¥60,930	¥(5,838)	¥184,631	¥(12,004)

March 31, 2013	Millions of U S Dollars					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable equity securities						
Domestic	$1,024	$(56)	184	$(28)	$1,208	$(84)
Foreign	203	(8)	7	(1)	210	(9)
Total marketable equity securities	1,227	(64)	191	(29)	1,418	(93)
Debt securities						
Domestic			32		32	
Foreign	89	(2)	425	(33)	514	(35)
Total debt securities	89	(2)	457	(33)	546	(35)
Total	$1,316	$(66)	$648	$(62)	$1,964	$(128)

Marketable equity securities—The Company's unrealized losses on investments in marketable equity securities mainly relate to investments in the common stock of approximately 100 customers and suppliers of the Company The unrealized losses were due to decline in market prices The fair values of individual investments are approximately 1% to 26% less than cost. The Company determines whether the decrease in fair value of the investments in marketable domestic and foreign stocks categorized as "Available-for-sale" is other than temporary by taking into consideration the period and the extent that the fair value is less than the book value, and the Company's ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value The Company does not consider these investments to be other-than-temporarily impaired at March 31, 2013

In connection with certain reorganizations undertaken by issuers in which the Company held shares, the Company recognized gains or losses on the exchange of its investment for the acquiree's shares, based on the difference between the fair value of the acquirer's shares and the recorded basis of shares surrendered, amounting to net loss of ¥487 million ($5 million) for the year ended March 31, 2013

Debt securities—The Company's unrealized losses on investments in debt securities, mainly relate to approximately 30 corporate bonds and so on, with individual fair value of approximately 1% to 30% less than cost The Company asserts that it has no intent to sell, and it is not more-likely-than-not the Company will be required to sell these investments before recovery of fair value The Company has its ongoing review process which includes consideration of the investment rating, the contractual nature of the investments, the underlying collateral, the rights to and priority of the investment's cash flows, and the condition of the issuers The Company currently believes that all amounts will be redeemed when due according to the contractual terms of these investments Therefore, the Company does not consider these investments to be other-than-temporarily impaired at March 31, 2013

Investments in Other than Debt and Marketable Equity Securities— Other investments include investments in nonmarketable equity securities of unaffiliated customers, suppliers and certain financial institutions, which include certain preferred stocks, amounting to ¥364,575 million and ¥352,991 million ($3,755 million) at March 31, 2012 and 2013, respectively Other investments also include guarantee deposits, investments in noncurrent time deposits, and others, amounting to ¥76,130 million and ¥76,725 million ($816 million) at March 31, 2012 and 2013, respectively

Investments in nonmarketable equity securities of unaffiliated companies are carried at cost ("cost method investments"), as fair value is not determinable However, if there are identified events or circumstances that have a significant adverse effect on the fair value of an investment, the Company determines the fair value of the investment The fair values of nonmarketable equity securities are estimated using the valuation methodology used to determine fair value is in the "Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis" section of Note 12 If the carrying value of the investment exceeds the estimated fair value and the decline in the fair value is considered to be other-than-temporary, the investment is written down to its estimated fair value

Cost method investments of ¥362,828 million and ¥337,085 million ($3,586 million) at March 31, 2012 and 2013, respectively, were not evaluated for impairment since there were no identified events or circumstances that could have had a significant adverse effect on the fair values of the investments, and the Company determined that it was not practicable to estimate the fair values of the investments

Impairment losses recognized for cost method investments totaled ¥5,261 million, ¥3,188 million and ¥10,367 million ($110 million) for the years ended March 31, 2011, 2012 and 2013, respectively

6 INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES

Investments in and advances to Affiliated companies at March 31, 2012 and 2013 consisted of the following

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Investments in Affiliated companies	¥1,988,236	¥2,425,361	$25,802
Advances	109,740	128,800	1,370
Total	¥2,097,976	¥2,554,161	$27,172

Affiliated companies include, among others, LAWSON, INC ("LAWSON," 32 49%), Japan Australia LNG (MIMI) Pty, Ltd (50 00%), MI Berau B V ("MI Berau," 56 00%), Hokuetsu Kishu Paper Co , Ltd (25 15%), SPDC Ltd (30 39%), Mozal S A R L (25 00%), ENCORE ENERGY PTE LTD (39 40%), Chiyoda Corporation (33 56%), Mitsubishi UFJ Lease & Finance Company Ltd (20 00%), Coal & Allied Industries Limited (20 00%), Cutbank Ridge Partnership (40 00%), Compania Minera del Pacifico S A (25 00%), Iron Ore Company of Canada (26 18%) , Anglo American Sur S A (20 44%), and Sulawesi LNG Development Ltd ("Sulawesi LNG Development," 75 00%)

The Company holds a 56% ownership interest in MI Berau, a Netherlands corporation MI Berau is a joint venture, participating in the Tangguh LNG Project in Indonesia, which was established with INPEX CORPORATION ("INPEX"), a minority shareholder holding a 44% ownership interest Under the joint venture agreement with INPEX, significant decisions regarding MI Berau's operations require unanimous consent by the Company and INPEX The rights given to INPEX in the joint venture agreement are considered substantive participating rights, and control over the operations or assets of MI Berau does not rest with the Company Accordingly, the Company accounts for its investment in MI Berau using the equity method

The Company holds a 75% ownership interest in Sulawesi LNG Development, a UK corporation Sulawesi LNG Development is a holding company, investing in the Donggi Senoro LNG Project in Indonesia, which was established with Korea Gas Corporation ("KOGAS"), a minority shareholder holding a 25% ownership interest Under the shareholder's agreement with KOGAS, significant decisions regarding Sulawesi LNG Development's operations require unanimous consent by the Company and KOGAS The rights given to KOGAS in the shareholder's agreement are considered substantive participating rights, and control over the operations or assets of Sulawesi LNG Development does not rest with the Company Accordingly, the Company accounts for its investment in Sulawesi LNG Development using the equity method

The Affiliated companies operate mainly in the manufacturing, resource development and service industries, and significantly participate in the Company's operating transactions as either purchasers or suppliers They principally operate in Japan, Asia, Oceania, Europe, North America, and Latin America

The difference between the carrying value of the investments in Affiliated companies and the Company's equity in the underlying net assets of such Affiliated companies was ¥561,685 million and ¥634,284 million ($6,748 million) at March 31, 2012 and 2013, respectively The amounts represent the difference between the cost of the investments and the carrying amount of the underlying net assets of the Affiliated companies at the time of initial and subsequent investments and were allocated to the identifiable assets and liabilities The unallocated residual amounts were recognized as equity method goodwill The amounts allocated to the identifiable assets and liabilities of the Affiliated companies are generally attributed to property and equipment which consist primarily of mining rights and are subject to depreciation

Investments in Affiliated companies included investments in marketable equity securities with carrying amounts of ¥399,647 million and ¥407,093 million ($4,331 million) at March 31, 2012 and 2013, respectively Corresponding aggregate quoted market values (Level 1 at the fair value measurement) were ¥458,331 million and ¥541,536 million ($5,761 million), respectively Included in such amounts was the investment in LAWSON of ¥142,394 million and ¥147,425 million ($1,568 million) with quoted market values of ¥168,800 million and ¥234,895 million ($2,499 million) at March 31, 2012 and 2013, respectively

Summarized financial information with respect to the Affiliated companies accounted for using the equity method as of and for the years ended March 31, 2011, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Current assets	¥6,705,818	¥7,066,227	$ 75,173
Property and equipment—net	4,264,599	5,136,327	54,642
Other assets	2,230,066	2,610,868	27,775
Total assets	¥13,200,483	¥14,813,422	$157,590
Current liabilities	¥5,052,977	¥5,344,164	$56,853
Noncurrent liabilities	3,395,550	3,860,754	41,072
Affiliated companies' shareholders' equity	4,607,060	5,481,217	58,311
Noncontrolling interest	144,896	127,287	1,354
Total liabilities and equity	¥13,200,483	¥14,813,422	$157,590

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Revenues	¥6,930,557	¥7,032,248	¥7,005,842	$74,530
Gross profit	¥2,101,288	¥2,154,118	¥2,085,170	$22,183
Net income attributable to Affiliated companies	¥588,380	¥651,296	¥596,915	$6,350

The Companies' revenues and purchases from the Affiliated companies for the years ended March 31, 2011, 2012 and 2013 were as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Revenues	¥392,117	¥280,770	¥266,017	$2,830
Purchases	560,171	532,399	742,117	7,895

Dividends received from the Affiliated companies for the years ended March 31, 2011, 2012 and 2013 were ¥147,023 million, ¥144,141 million and ¥134,616 million ($1,432 million), respectively

In connection with certain business combinations and reorganizations undertaken by the Company's Affiliated companies, the Company recognized exchange gains of ¥35,444 million for the years ended March 31, 2011 The gains were the result of the difference between the carrying amount and fair value of the shares exchanged The gains are recorded in "Gain on marketable securities and investments—net" in the consolidated statements of income

7 ALLOWANCE FOR DOUBTFUL RECEIVABLES

The Company conducts various transactions where it extends credit to its customers in the form of trade credit, including accounts receivable, advance payments and financings The Company is exposed to credit risk from losses arising from the deterioration in the credit or bankruptcy of its customers

The Company engages in transactions with customers in various businesses and industries However, the Company, regardless of the type of business and industry, evaluates the nature and characteristics of the credit risk using a consistent method Regardless of the business or industry, the customers' financial position is factored into the calculation The Company does not manage its credit risk using various categories of credit risk, based on the business or industry of the customer, because the Company views credit risk as a lower risk than market and foreign currency risks

Therefore, the Company manages credit risk and evaluates the necessity of its allowance for credit losses based on a single in-house policy

However, the Company manages credit risk for consumers separately from corporate customers because the Company is not able to obtain information of consumers and there are limitations in evaluating the consumer's financial condition Receivables from consumers are primarily loans in the automobile sales finance business

Short-term or long-term receivables are contractual rights to receive money When it is probable that, based on current conditions, the Company will not be able to collect all amounts, including amounts with interest added according to the contractual terms of the receivables agreement, the receivables are considered to be impaired receivables

The Company does not consider receivables that are past due as an impaired receivable if the Company expects to collect all amounts due, including interest accrued, during the period the receivable is past due In principle the Company recognizes interest income on impaired receivables on a cash basis Interest income on impaired receivables recognized in the years ended March 31, 2011, 2012 and 2013 was not material

The Company determines an appropriate amount of allowance for financing receivables that are past the due date based on terms of the contract, and the receivables are charged-off at uncollectible amount when the Company's rights to collect are lost as a result of a legal liquidation of its customer

The credit risk management policy and the accounting policy for the allowance for credit losses for corporate customers and consumers are described in the following paragraphs

Corporate customers—

The Company establishes credit and transaction limits for each corporate customer and applies an internal rating system The internal rating system is determined based on the corporate customers' financial information, credit ratings from applicable agencies and other credit indicators These internal ratings are updated once a year

The Company evaluates receivables from corporate customers for impairment based on changes in the internal ratings and the financial condition of corporate customers

The Company determines an allowance for credit losses to be recorded for impaired receivables based upon factors surrounding the collection history, past credit loss experience, credit ratings from applicable agencies and other information For the valuation of long-term receivables, the Company uses the discounted cash flow method based on assumptions such as an estimate of the future repayment plan and the discount rates, or evaluates based on the observable market price of the receivable or the fair value of the underlying collateral The Company also collectively evaluates receivables which are not considered to be impaired receivables and determines an amount of allowance for credit losses based on the past credit loss rate and the probability of future default

Consumers—

The Company performs ongoing credit valuations of consumers and establishes credit limits based upon the length of the current credit-worthiness using the consumers' payment history The Company evaluates receivables with consumers for impairment based on any delay in collection The Company evaluates an allowance for credit losses to be recorded for impaired receivables with consumers based upon the length of the period past due, the collection status and other information The Company also collectively evaluates consumer receivables which are not considered impaired receivables and determines an amount of allowance for credit losses based on the past credit loss rate

Impaired receivables—

Impaired receivables and the related allowance for credit losses at March 31, 2012 and 2013 consisted of the following

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Recorded investment			
Corporate customers	¥50,725	¥97,652	$1,039
Consumers	7,910	8,516	90
Total	¥58,635	¥106,168	$1,129
Related allowance			
Corporate customers	¥31,106	¥34,096	$363
Consumers	3,705	4,145	44
Total	¥34,811	¥38,241	$407

The average recorded investments in the impaired receivables from corporate customers and consumers for the quarter ended March 31, 2011 were ¥54,973 million and ¥12,266 million, respectively

The average recorded investments in the impaired receivables from corporate customers and consumers for the year ended March 31, 2012 were ¥53,155 million and ¥7,287 million, respectively

The average recorded investments in the impaired receivables from corporate customers and consumers for the year ended March 31, 2013 were ¥66,081 million ($703 million) and ¥7,852 million ($84 million), respectively

The allowance for credit losses related to financing receivables—

Financing receivables include loans and noncurrent accounts receivable—trade that have the characteristics of financings, and do not include the receivables without the characteristics of financings such as current accounts receivable—trade

Financing receivables are mainly included in "Loans and other receivables" and "Noncurrent notes, loans and accounts receivable—trade" line items in the consolidated balance sheets

The following table presents the activity of the allowance for credit losses related to financing receivables, the balance of the allowance for credit losses related to financing receivables and the balance of financing receivables as of and for the quarter ended March 31, 2011

	Millions of Yen	
	2011	
	Corporate customers	Consumers
Balance at January 1, 2011	¥27,266	¥6,395
Provision for credit losses	1,429	387
Charge-offs	(2,675)	(284)
Other*	4,373	388
Balance at end of year	¥30,393	¥6,886
Ending balance of allowance for credit losses		
Collective impairment allowance		
(higher credit quality financing receivables)	2,005	2,978
Individual impairment allowance**		
(lower credit quality financing receivables)	28,388	3,908
Ending balance of financing receivables		
Higher credit quality receivables	¥598,702	¥292,645
Lower credit quality receivables	41,304	7,392
Total	¥640,006	¥300,037

* "Other" principally includes allowances that were recorded on trade receivables where the trade receivables have been modified during the quarter and are now classified as financing receivables as of March 31, 2011 Other also includes the effect of changes in foreign currency exchange rates
** Finance receivables are individually evaluated for impairment and the related allowance is included in impaired receivables

The following table presents the activity of the allowance for credit losses related to financing receivables, the balance of the allowance for credit losses related to financing receivables and the balance of financing receivables as of and for the year ended March 31, 2012

	Millions of Yen	
	2012	
	Corporate customers	Consumers
Balance at beginning of year	¥30,393	¥6,886
Provision for credit losses	2,650	1,718
Charge-offs	(11,636)	(410)
Other*	7,936	(368)
Balance at end of year	¥29,343	¥7,826
Ending balance of allowance for credit losses		
Collective impairment allowance		
(higher credit quality financing receivables)	4,139	4,121
Individual impairment allowance**		
(lower credit quality financing receivables)	25,204	3,705
Ending balance of financing receivables		
Higher credit quality receivables	¥608,731	¥329,552
Lower credit quality receivables	38,623	7,910
Total	¥647,354	¥337,462

* "Other" principally includes the effect of consolidation and deconsolidation of certain subsidiaries and the effect of changes in foreign currency exchange rates
** Finance receivables are individually evaluated for impairment and the related allowance is included in impaired receivables

The following table presents the activity of the allowance for credit losses related to financing receivables, the balance of the allowance for credit losses related to financing receivables and the balance of financing receivables as of and for the year ended March 31, 2013

	Millions of Yen		Millions of U S Dollars	
	2013		2013	
	Corporate customers	Consumers	Corporate customers	Consumers
Balance at beginning of year	¥29,343	¥7,826	$312	$83
Provision for credit losses	3,987	3,423	42	37
Charge-offs	(3,456)	(771)	(37)	(8)
Other*	214	1,142	3	12
Balance at end of year	¥30,088	¥11,620	$320	$124
Ending balance of allowance for credit losses				
Collective impairment allowance (higher credit quality financing receivables)	1,467	7,475	16	80
Individual impairment allowance** (lower credit quality financing receivables)	28,621	4,145	304	44
Ending balance of financing receivables				
Higher credit quality receivables	¥697,592	¥457,100	$7,421	$4,863
Lower credit quality receivables	88,312	8,516	940	90
Total	¥785,904	¥465,616	$8,361	$4,953

* "Other" principally includes the effect of changes in foreign currency exchange rates
** Finance receivables are individually evaluated for impairment and the related allowance is included in impaired receivables

Age analysis of past due financing receivables—

Age analysis of past due financing receivables as of March 31, 2012 is as follows

	Millions of Yen
	2012
Corporate customers	
Past due in one year or less	¥10,878
Past due after one year through two years	6,018
Past due after two years through three years	774
Past due after three years through four years	192
Past due after four years through five years	1,099
Past due greater than five years	19,166
Total	¥38,127

	Millions of Yen
	2012
Consumers	
Past due in three months or less	¥27,124
Past due after three months through six months	2,280
Past due after six months through one year	518
Past due greater than one year	2,341
Total	¥32,263

Age analysis of past due financing receivables as of March 31, 2013 is as follows

	Millions of Yen	Millions of U S Dollars
	2013	2013
Corporate customers		
Past due in one year or less	¥29,568	$314
Past due after one year through two years	1,006	11
Past due after two years through three years	654	7
Past due after three years through four years	532	5
Past due after four years through five years	168	2
Past due greater than five years	19,250	205
Total	¥51,178	$544

	Millions of Yen	Millions of U S Dollars
	2013	2013
Consumers		
Past due in three months or less	¥43,584	$464
Past due after three months through six months	3,472	37
Past due after six months through one year	952	10
Past due greater than one year	2,571	27
Total	¥50,579	$538

Troubled Debt Restructuring ("TDR")—

A restructuring of a debt constitutes a TDR if the Company for economic or legal reasons related to the debtor's financial difficulties grants concession to the debtor Concession is granted, for example, by modifying contractual terms to reduce the face amount or maturity amount of the debt or to extend the maturity dates more than three months The Company determines an amount of allowance for credit losses by considering the modified contractual terms

Corporate customers—

The TDRs for the year ended March 31, 2012 were as follows

The Company modified the terms of sales contracts of ¥23,920 million and lease agreements of ¥10,632 million whereby the Company reacquired the goods, leased them for five to fifteen years to separate third parties, and will resell the goods to its initial customers after the end of the lease periods As a result, for the initial customers, the maturity amounts of the original debts were reduced and the maturity dates of them were extended as well

The Company retains the titles of the leased goods and intends to sell them at fair value if the lease payments are not expected to be made Therefore, the Company has determined the allowance for doubtful receivables by taking into consideration the amount expected to be collected by selling them at fair values or by leasing and reselling them according to the modified terms This modification of terms did not have a material impact on the Company's consolidated financial position and results of operations for the fiscal year ended March 31, 2012

With respect to the financing receivables of ¥4,982 million held by the Company, a resolution has been reached for a rehabilitation plan of a debtor under the Civil Rehabilitation Act Under the rehabilitation plan, approximately 90% of the amount of the financing receivables excluding the amount covered by collateral has been forgiven and the remaining 10% will be paid to creditors on an installment basis until the year 2017 As a result, the maturity amount of the financing receivables was reduced and its maturity date was also extended

The Company determined the allowance for financing receivables by taking into consideration the amount expected to be collected according to the rehabilitation plan The modification of the term did not have a material impact on the Company's consolidated financial position and results of operations for the fiscal year ended March 31, 2012

There were no material TDRs for corporate customers during the year ended March 31, 2013

Consumers—

There were no material TDRs for consumers during the year ended March 31, 2012 and 2013

For the amount of the financing receivables held by the Company which TDRs occurred after April 1, 2011, the defaults in payment have been immaterial during the year ended March 31, 2012

For the amount of the financing receivables held by the Company which TDRs occurred during last 12 months, the defaults in payment have been immaterial during the year ended March 31, 2013

8 PROPERTY AND EQUIPMENT

Depreciation expense for the years ended March 31, 2011, 2012 and 2013 was ¥123,223 million, ¥125,184 million and ¥133,359 million ($1,419 million), respectively

The impairment loss on long-lived assets for the year ended March 31, 2013 was principally attributable to a decline of market price and profitability related to vessels,which are included in the Machinery segment, and increased production costs for certain oil and gas properties owned by subsidiaries in the Energy Business segment.

The impairment loss on long-lived assets for the year ended March 31, 2012 was principally attributable to a decline of land price and profitability related to real estate properties in Japan, which are included in the Industrial Finance, Logistics & Development segment, and abandonment of exploration and developing right for a certain oil and gas property owned by a subsidiary in the Energy Business segment

The impairment loss on long-lived assets for the year ended March 31, 2011 was principally attributable to a decline of profitability related to certain logistics properties owned by a subsidiary in the Living Essentials segment and certain oil and gas properties owned by a subsidiary in the Energy Business segment.

Impairment losses recognized for the years ended March 31, 2011, 2012 and 2013 were applicable to the following segments

	Millions of Yen			Millions of U S Dollars
Segment	2011	2012	2013	2013
Industrial Finance, Logistics & Development	¥248	¥2 412	¥876	$9
Energy Business	2,920	1,315	11,229	119
Metals	1,005	533	328	4
Machinery	60	27	13,666	145
Chemicals	96	367	234	3
Living Essentials	2,878	1,145	1,972	21
Other	38	20	641	7
Total	¥7,245	¥5,819	¥28,946	$308

*1 For the year ended March 31,2013, the amount of "Machinery" includes ¥13,665 million ($145 million) as a result of a decline of market price and profitability related to vessels as described above

*2 "Other" represents impairment losses attributable to the assets for corporate use which have not been allocated to specific operating segments

These impairment losses were included in "Loss on property and equipment—net" in the accompanying consolidated statements of income The Company assesses whether the carrying amount of long-lived assets are recoverable by using undiscounted cash flows, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Estimated fair values of assets were primarily determined based on independent appraisals and discounted cash flows

Capitalized interest was ¥138 million, ¥161 million and ¥7,479 million ($80 million) for the years ended March 31, 2011, 2012 and 2013, respectively

For the year ended March 31, 2013, the Company entered into sales contracts for certain long-lived assets These contracts require the sales and delivery of the assets within one year These long-lived assets are classified as long-lived asset to be disposed of by sale and were included in "Other current assets" in the consolidated balance sheets The carrying amounts of long-lived assets to be disposed of by sale included in "Other current assets" as of March 31, 2013 were as follows

		Millions of Yen	Millions of U S Dollars
Segment		2013	2013
Industrial Finance, Logistics & Development	Aircraft	¥13,131	$139
	Real estate	20,754	221
	Total	¥33,885	$360

9 PLEDGED ASSETS

At March 31, 2012 and 2013, assets pledged as collateral for short-term debt, long-term debt and guarantees of contracts and others of the Company were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Notes, accounts receivable—trade, loans and others (current and noncurrent)	¥38,077	¥68,620	$730
Inventories	1,306	70,781	753
Noncurrent investment securities and others (carrying value)	100,824	79,132	842
Property and equipment (net of accumulated depreciation)	197,221	187,458	1,994
Other	2,981	18,618	198
Total	¥340,409	¥424,609	$4,517

The above pledged assets were classified by type of liabilities to which they relate as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Short-term debt	¥26,632	¥17,665	$188
Long-term debt	229,998	240,844	2,562
Guarantees of contracts and others	83,779	166,100	1,767
Total	¥340,409	¥424,609	$4,517

Trust receipts issued under customary import financing arrangements give banks a security interest in the merchandise imported and/or sales proceeds resulting from the sale of such merchandise The Company follows the practice of repaying the related notes and acceptances payable at maturity without applying the sales proceeds to specific notes or acceptances Due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts

The Company may be required by the lending banks to provide collateral (or additional collateral) under certain conditions Please refer to Note 13

10 GOODWILL AND OTHER INTANGIBLE ASSETS

Other Intangible Assets

The following tables present information regarding carrying amounts and accumulated amortization balances of other intangible assets by major asset class at March 31, 2012 and 2013

	Millions of Yen		
March 31, 2012	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets subject to amortization			
Software	¥122,029	¥(69,773)	¥52,256
Manufacturing, sales and service licenses and trademarks	18,990	(11,028)	7,962
Intellectual properties related to feasibility studies	14,895		14,895
Customer relationships	11,143	(1,549)	9,594
Other	15,385	(7,366)	8,019
Total	¥182,442	¥(89,716)	¥92,726
Intangible assets not subject to amortization			
Trade names			¥4,473
Rights to use land			4,295
Customer relationships			2,266
Other			3,326
Total			14,360
Intangible assets total			¥107,086

	Millions of Yen			Millions of U S Dollars		
March 31, 2013	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets subject to amortization						
Software	¥136,292	¥(73,476)	¥62,816	$1,450	$(782)	$668
Manufacturing, sales and service licenses and trademarks	21,068	(12,924)	8,144	224	(137)	87
Intellectual properties related to feasibility studies	17,118		17,118	182		182
Customer relationships	12,946	(2,679)	10,267	138	(29)	109
Other	17,268	(7,335)	9,933	184	(78)	106
Total	¥204,692	¥(96,414)	¥108,278	$2,178	$(1,026)	$1,152
Intangible assets not subject to amortization						
Trade names			¥4,714			$50
Rights to use land			4,738			50
Customer relationships			2,266			24
Other			3,405			37
Total			15,123			161
Intangible assets total			¥123,401			$1,313

Intangible assets subject to amortization acquired during the year ended March 31, 2012 were ¥47,700 million, which primarily consisted of ¥23,094 million of software and ¥14,895 million of intellectual properties related to feasibility studies Intellectual properties related to feasibility studies consist of engineering related know-how and knowledge that provide us a competitive advantage in advancing projects The weighted-average amortization period for intangible assets subject to amortization acquired during the year ended March 31, 2012 is 13 years The weighted-average amortization period for software and intellectual properties related to feasibility studies is 5 years and 25 years, respectively

Intangible assets subject to amortization acquired during the year ended March 31, 2013 were ¥29,082 million ($309 million), which primarily consisted of ¥24,972 million ($266 million) of software The weighted-average amortization period for intangible assets subject to amortization acquired during the year ended March 31, 2013 is 11 years The weighted-average amortization period for software is 11 years

Intangible assets not subject to amortization acquired during the years ended March 31, 2012 and 2013 were ¥4,345 million and ¥604 million ($6 million), respectively

Amortization expense for intangible assets subject to amortization was ¥16,852 million, ¥16,247 million and ¥17,364 million ($185 million) for the years ended March 31, 2011, 2012 and 2013, respectively

As of March 31, 2013, estimated amortization expense for each of the five succeeding fiscal years is as follows

	Millions of Yen	Millions of U S Dollars
Year ending March 31		
2014	¥15,872	$169
2015	14,219	151
2016	11,633	124
2017	8,746	93
2018	5,580	59

Based on the results of impairment testing, impairment losses of ¥204 million, ¥3,224 million and ¥534 million ($6 million) were recorded for the years ended March 31, 2011, 2012 and 2013, respectively

These impairment losses are included in "Loss on property and equipment—net" in the consolidated statements of income

Goodwill

The following tables show changes in the carrying amount of goodwill by reportable operating segment for the years ended March 31, 2012 and 2013

	March 31, 2012 Millions of Yen										
	Beginning of Year			Changes During Year					End of Year		
Segment	Gross Carrying Amount	Accumulated Impairment Losses	Net	Goodwill Additions	Impairment Losses	Divestitures	Currency Exchange	Other	Gross Carrying Amount	Accumulated Impairment Losses	Net
Industrial Finance, Logistics & Development	¥7,244	¥(934)	¥6,310	¥3,002	¥(312)	¥(934)	¥(156)		¥7,910		¥7,910
Energy Business	296		296					¥2	298		298
Metals	13,465	(1,446)	12,019	4,465			148	(328)	17,750	¥(1,446)	16,304
Machinery	2,983		2,983		(428)		(12)		2,971	(428)	2,543
Chemicals	374		374					3	377		377
Living Essentials	26,880	(1,295)	25,585	7,356			21	(123)	34,134	(1,295)	32,839
Other	1,639		1,639	341	(130)		(1,622)	(1)	357	(130)	227
Total	¥52,881	¥(3,675)	¥49,206	¥15,164	¥(870)	¥(934)	¥(1,621)	¥(447)	¥63,797	¥(3,299)	¥60,498

	March 31, 2013										
	Millions of Yen										
	Beginning of Year			Changes During Year					End of Year		
Segment	Gross Carrying Amount	Accumulated Impairment Losses	Net	Goodwill Additions	Impairment Losses	Divestitures	Currency Exchange	Other*	Gross Carrying Amount	Accumulated Impairment Losses	Net
Industrial Finance, Logistics & Development	¥7,910		¥7,910				¥845	¥177	¥8,932		¥8,932
Energy Business	298		298	¥339			48	(1)	684		684
Metals	17,750	¥(1,446)	16,304	79			39	(6,362)	11,506	¥(1,446)	10,060
Machinery	2,971	(428)	2,543				17		2,988	(428)	2,560
Chemicals	377		377					64	441		441
Living Essentials	34,134	(1,295)	32,839	2,393			986	15	37,528	(1,295)	36,233
Other	357	(130)	227	192		¥(383)	297	1,616	2,079	(130)	1,949
Total	¥63,797	¥(3,299)	¥60,498	¥3,003		¥(383)	¥2,232	¥(4,491)	¥64,158	¥(3,299)	¥60,859

	March 31, 2013										
	Millions of U S Dollars										
	Beginning of Year			Changes During Year					End of Year		
Segment	Gross Carrying Amount	Accumulated Impairment Losses	Net	Goodwill Additions	Impairment Losses	Divestitures	Currency Exchange	Other*	Gross Carrying Amount	Accumulated Impairment Losses	Net
Industrial Finance, Logistics & Development	$84		$84				$9	$2	$95		$95
Energy Business	3		3	$4					7		7
Metals	189	$(15)	174	1			1	(69)	122	$(15)	107
Machinery	32	(5)	27						32	(5)	27
Chemicals	4		4					1	5		5
Living Essentials	363	(14)	349	25			11		399	(14)	385
Other	4	(1)	3	2		$(4)	3	17	22	(1)	21
Total	$679	$(35)	$644	$32		$(4)	$24	$(49)	$682	$(35)	$647

* "Other" shown in "Changes During Year" includes transfers between reportable operating segments and adjustments of purchase price allocation resulting from business combinations

During the years ended March 31, 2011 and 2012, the Company recognized impairment losses of ¥891 million, ¥870 million, respectively, which are included in "Other income—net" in the consolidated statements of income

11. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Overall Risk Management—

The Company, in the normal course of business, is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. To manage the exposures to these risks, the Company generally identifies its net exposures and takes advantage of natural offsets. Additionally, the Company enters into various derivative transactions pursuant to the Company's risk management policies in response to counterparty exposure and to hedge specific risks.

The types of derivatives used by the Company are primarily interest rate swaps, forward exchange contracts, currency swaps and commodity futures contracts. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. Whenever practical, designation is performed on a specific exposure basis to qualify for hedge accounting. In these circumstances, the Company assesses, both at the inception of the hedge and on an on-going basis, whether the hedging derivatives are highly effective in offsetting changes in fair values or cash flows of hedged items. Should it be determined that a derivative is not highly effective as a hedge, the Company will discontinue hedge accounting.

The Company does not enter into material derivative instruments that contain credit risk-related contingent features.

The notional amounts of the Company's derivative instruments as of March 31, 2012 and 2013 are as follows:

	Billions of Yen		Millions of U.S. Dollars
	2012	2013	2013
Interest rate contracts	¥2,729	¥2,789	$29,673
Foreign exchange contracts	2,484	3,194	33,974
Commodity contracts	6,801	8,259	87,866
Total derivative notional amounts	¥12,014	¥14,242	$151,513

Interest Rate Risk Management—

The Company's financing, investing and cash management activities are exposed to risks associated with changes in interest rates. In order to manage these exposures, the Company has entered into interest rate swap contracts. Interest rate swaps are used, in most instances, to convert fixed-rate assets or debts to floating-rate assets or debts, as well as convert some floating-rate assets or debts to a fixed basis. The objective of maintaining this mix of fixed- and floating-rate assets and debts is to allow the Company to manage the overall value of cash flows attributable to certain assets and debt instruments.

Foreign Currency Risk Management—

The Company operates globally and is exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Company operates. The Company's strategy to manage foreign currency risks is to net foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments by taking advantage of natural offsets, and purchase forward exchange contracts and other contracts to preserve the economic value of cash flows in nonfunctional currencies. The Company believes that in circumstances where these foreign currency contracts have not been designated as hedging instruments, such contracts effectively hedge the impact of the variability in exchange rates. Hedged currencies primarily include the U.S. dollar, the Euro and the Australian dollar.

Commodity Price Risk Management—

The Company is exposed to fluctuations in commodity prices associated with various commodities used in its trading and other operating activities. The Company enters into commodity futures, forwards, options and swaps contracts to hedge the variability in commodity prices in accordance with its risk management procedures. Except in certain cases where these contracts have been designated as fair value or cash flow hedges, these contracts are generally not designated as hedging instruments.

Fair Value Hedge—

Derivative instruments designated as fair value hedges primarily consist of interest rate swaps used to convert fixed-rate assets or debt obligations to floating-rate assets or debts, currency swaps used to hedge foreign currency risks of loans or debts and commodity forwards used to hedge commodity price risks of inventories.

Cash Flow Hedge—

Derivative instruments designated as cash flow hedges include interest rate swaps to convert floating-rate liabilities to fixed-rate liabilities, and forward exchange contracts to eliminate variability in functional-currency-equivalent cash flows on forecasted transactions Additionally, commodity swaps and futures contracts which qualify as cash flow hedges are utilized Current open contracts hedge the Company's exposure to the variability in future cash flows for forecasted transactions through 2020

Hedge of the Net Investment in Foreign Operations—

The Parent uses foreign exchange contracts and nonderivative financial instruments such as foreign-currency-denominated debt in order to reduce the foreign currency exposure in the net investment in a foreign operation The amount included in the foreign currency translation adjustments was net gains of ¥38,180 million, ¥17,108 million and net losses of ¥52,264 million ($556 million) for the years ended March 31, 2011, 2012 and 2013, respectively

Derivative Instruments Used for Other than Hedging Activities—

The Company enters into derivative instruments as part of its brokerage services in commodity futures markets and its trading activities The Company clearly distinguishes derivatives used for brokerage services and trading activities from derivatives used for risk management purposes As part of its internal control policies, the Company has set strict limits on the positions which can be taken in order to minimize potential losses for these derivative transactions, and periodically monitors the open positions for compliance

Impact of Derivatives and Hedging on the Consolidated Balance Sheets—

The following are the fair values of derivative instruments designated and not designated as accounting hedges by type of derivative contract on a gross basis as of March 31, 2012 and 2013

	Millions of Yen			
	Asset Derivatives		Liability Derivatives	
As of March 31, 2012	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other current assets	¥356	Other current liabilities	¥19
	Other assets	68,949	Other noncurrent liabilities	6,907
Foreign exchange contracts	Other current assets	7,856	Other current liabilities	22,738
	Other assets	1,975	Other noncurrent liabilities	3,278
Commodity contracts	Other current assets	3,611	Other current liabilities	830
	Other assets	1,094	Other noncurrent liabilities	1,668
	Total	¥83,841		¥35,440
Derivatives not designated as hedging instruments				
Interest rate contracts	Other current assets	¥495	Other current liabilities	¥904
	Other assets	8,354	Other noncurrent liabilities	11,269
Foreign exchange contracts	Other current assets	26,269	Other current liabilities	21,389
	Other assets	7,065	Other noncurrent liabilities	7,691
Commodity contracts	Other current assets	142,285	Other current liabilities	135,360
	Other assets	24,986	Other noncurrent liabilities	25,185
	Total	¥209,454		¥201,798
Total Derivatives (gross basis)		¥293,295		¥237,238
Netting		¥(187,796)		¥(188,066)
Net Derivatives on Consolidated Balance Sheets				
	Other current assets	¥38,051	Other current liabilities	¥32,569
	Other assets	67,448	Other noncurrent liabilities	16,603
Total Net Derivatives on Consolidated Balance Sheets		¥105,499		¥49,172

* The Company offsets fair value amounts recognized for derivative instruments against fair value amounts recognized for cash collateral receivables or cash collateral payables arising from derivative instruments executed with the same counterparty when a legally enforceable master netting agreement exists At March 31, 2012, the cash collateral receivables and payables that were offset were ¥8,023 million and ¥7,753 million, respectively The cash collateral receivables and payables that were not offset were ¥7,993 million and ¥3,376 million, respectively

Nonderivatives designated as hedging instruments	Balance Sheet Line Item	Carrying Amount Millions of Yen
Foreign-currency-denominated debt	Current maturities of long-term debt	¥3,945
	Long-term debt	35,506
	Total	¥39,451

As of March 31, 2013	Millions of Yen			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other current assets	¥992	Other current liabilities	¥40
	Other assets	82,408	Other noncurrent liabilities	4,467
Foreign exchange contracts	Other current assets	15,933	Other current liabilities	13,200
	Other assets	2,913	Other noncurrent liabilities	11
Commodity contracts	Other current assets	3,094	Other current liabilities	145
	Other assets	928	Other noncurrent liabilities	3,052
	Total	¥106,268		¥20,915
Derivatives not designated as hedging instruments				
Interest rate contracts	Other current assets	¥818	Other current liabilities	¥962
	Other assets	5,924	Other noncurrent liabilities	10,195
Foreign exchange contracts	Other current assets	35,473	Other current liabilities	50,834
	Other assets	14,280	Other noncurrent liabilities	30,667
Commodity contracts	Other current assets	229,997	Other current liabilities	203,316
	Other assets	19,898	Other noncurrent liabilities	19,265
	Total	¥306,390		¥315,239
Total Derivatives (gross basis)		¥412,658		¥336,154
Netting		¥(267,725)		¥(270,637)
Net Derivatives on Consolidated Balance Sheets				
	Other current assets	¥84,051	Other current liabilities	¥44,932
	Other assets	60,882	Other noncurrent liabilities	20,585
Total Net Derivatives on Consolidated Balance Sheets		¥144,933		¥65,517

As of March 31, 2013	Millions of U.S. Dollars			
	Asset Derivatives		Liability Derivatives	
	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other current assets	$11	Other current liabilities	
	Other assets	877	Other noncurrent liabilities	$48
Foreign exchange contracts	Other current assets	169	Other current liabilities	140
	Other assets	31	Other noncurrent liabilities	
Commodity contracts	Other current assets	33	Other current liabilities	2
	Other assets	10	Other noncurrent liabilities	32
	Total	$1,131		$222
Derivatives not designated as hedging instruments				
Interest rate contracts	Other current assets	$9	Other current liabilities	$10
	Other assets	63	Other noncurrent liabilities	109
Foreign exchange contracts	Other current assets	377	Other current liabilities	541
	Other assets	152	Other noncurrent liabilities	326
Commodity contracts	Other current assets	2,447	Other current liabilities	2,163
	Other assets	211	Other noncurrent liabilities	205
	Total	$3,259		$3,354
Total Derivatives (gross basis)		$4,390		$3,576
Netting		$(2,848)		$(2,879)
Net Derivatives on Consolidated Balance Sheets				
	Other current assets	$894	Other current liabilities	$478
	Other assets	648	Other noncurrent liabilities	219
Total Net Derivatives on Consolidated Balance Sheets		$1,542		$697

* The Company offsets fair value amounts recognized for derivative instruments against fair value amounts recognized for cash collateral receivables or cash collateral payables arising from derivative instruments executed with the same counterparty when a legally enforceable master netting agreement exists. At March 31, 2013, the cash collateral receivables and payables that were offset were ¥5,512 million ($59 million) and ¥2,600 million ($28 million), respectively. The cash collateral receivables and payables that were not offset were ¥7,730 million ($82 million) and ¥1,402 million ($15 million), respectively.

Nonderivatives designated as hedging instruments	Balance Sheet Line Item	Carrying Amount	
		Millions of Yen	Millions of U.S. Dollars
Foreign-currency-denominated debt	Current maturities of long-term debt	¥4,514	$48
	Long-term debt	8,769	93
	Total	¥13,283	$141

Impact of Derivatives and Hedged Items on the Consolidated Statements of Income and on Other Comprehensive Income—
The following are the pretax effects of derivative instruments on the consolidated statements of income for the years ended March 31, 2011, 2012 and 2013

During the year ended March 31, 2011

Derivatives Designated as Fair Value Hedge

Derivative type	Line Item of Gain or Loss Recognized in Earnings on Derivative/Hedged Item	Amount of Gain or Loss Recognized in Earnings on Derivative	Amount of Gain or Loss Recognized in Earnings on Hedged Item
		Millions of Yen	Millions of Yen
Interest rate contracts	Other income—net	¥(2,700)	¥2,722
Foreign exchange contracts	Other income—net	5,348	(5,378)
Commodity contracts	Revenues/(cost of revenues)	989	(989)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2011

*2 There were no gains or losses recognized in earnings as a result of hedged firm commitments no longer qualifying as fair value hedge during the year ended March 31, 2011

*3 The line items in the Consolidated Statements of Income corresponding to "Revenues/(cost of revenues)" are "Revenues" and "Cost of revenues from trading, manufacturing and other activities " The same applies to the succeeding tables

Derivatives Designated as Cash Flow Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)	Line Item of Gain or Loss Reclassified from AOCI into Earnings	Amount of Gain or Loss Reclassified from AOCI into Earnings (effective portion)
	Millions of Yen		Millions of Yen
Interest rate contracts	¥(2,947)	Interest expense	¥309
Foreign exchange contracts	52,038	Other income—net	(31,410)
Commodity contracts	(5,073)	Revenues/(cost of revenues)	(2,440)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2011

*2 During the year ended March 31, 2011 there were no gains or losses reclassified from AOCI into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period

Derivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)	Line Item of Gain or Loss Reclassified from AOCI into Earnings	Amount of Gain or Loss Reclassified from AOCI into Earnings (effective portion)
	Millions of Yen		Millions of Yen
Foreign exchange contracts	¥2,277	Gain on marketable securities and investments—net	¥(1,115)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2011

Nonderivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)
	Millions of Yen
Foreign-currency-denominated debt	¥6,028

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2011

*2 During the year ended March 31, 2011, there were no gains or losses reclassified from AOCI into earnings

Derivatives Not Designated as Hedging Instruments

Derivative type	Line Item of Gain or Loss Recognized in Earnings on Derivative Item	Amount of Gain or Loss Recognized in Earnings
		Millions of Yen
Interest rate contracts	Interest expense	¥(2,101)
	Other income—net	(214)
Foreign exchange contracts	Interest expense	1,532
	Other income—net	(18,121)
Commodity contracts	Revenues/(cost of revenues)	(220)

During the year ended March 31, 2012

Derivatives Designated as Fair Value Hedge

Derivative type	Line Item of Gain or Loss Recognized in Earnings on Derivative/Hedged Item	Amount of Gain or Loss Recognized in Earnings on Derivative	Amount of Gain or Loss Recognized in Earnings on Hedged Item
		Millions of Yen	Millions of Yen
Interest rate contracts	Other income—net	¥(10,427)	¥10,429
Foreign exchange contracts	Other income—net	6,932	(6,922)
Commodity contracts	Revenues/(cost of revenues)	8,828	(9,283)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of the hedge effectiveness are immaterial for the year ended March 31 2012

*2 There were no gains or losses recognized in earnings as a result of hedged firm commitments no longer qualifying as fair value hedge during the year ended March 31, 2012

*3 The line items in the Consolidated Statements of Income corresponding to "Revenues/(cost of revenues)" are "Revenues" and "Cost of revenues from trading, manufacturing and other activities" The same applies to the succeeding tables

Derivatives Designated as Cash Flow Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)	Line Item of Gain or Loss Reclassified from AOCI into Earnings	Amount of Gain or Loss Reclassified from AOCI into Earnings (effective portion)
	Millions of Yen		Millions of Yen
Interest rate contracts	¥(6,852)	Interest expense	¥223
Foreign exchange contracts	4,679	Other income—net	(39,316)
Commodity contracts	(8,544)	Revenues/(cost of revenues)	(1,376)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2012

*2 During the year ended March 31, 2012, there were no gains or losses reclassified from AOCI into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period

Derivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)	Line Item of Gain or Loss Reclassified from AOCI into Earnings	Amount of Gain or Loss Reclassified from AOCI into Earnings (effective portion)
	Millions of Yen		Millions of Yen
Foreign exchange contracts	¥(19,206)	Gain on marketable securities and investments—net	¥(3,770)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2012

Nonderivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)
	Millions of Yen
Foreign-currency-denominated debt	¥1,904

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2012

*2 During the year ended March 31, 2012, there were no gains or losses reclassified from AOCI into earnings

Derivatives Not Designated as Hedging Instruments

Derivative type	Line Item of Gain or Loss Recognized in Earnings on Derivative Item	Amount of Gain or Loss Recognized in Earnings
		Millions of Yen
Interest rate contracts	Interest expense	¥(1,057)
	Other income—net	984
Foreign exchange contracts	Interest expense	1,210
	Other income—net	23,957
Commodity contracts	Revenues/(cost of revenues)	23,500

During the year ended March 31, 2013

Derivatives Designated as Fair Value Hedge

Derivative type	Line Item of Gain or Loss Recognized in Earnings on Derivative/Hedged Item	Amount of Gain or Loss Recognized in Earnings on Derivative		Amount of Gain or Loss Recognized in Earnings on Hedged Item	
		Millions of Yen	Millions of U S Dollars	Millions of Yen	Millions of U S Dollars
Interest rate contracts	Other income—net	¥(17,093)	$(182)	¥17,087	$182
Foreign exchange contracts	Other income—net	(1,047)	(11)	1,086	12
Commodity contracts	Revenues/(cost of revenues)	(510)	(5)	509	5

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of the hedge effectiveness are immaterial for the year ended March 31, 2013

*2 There were no gains or losses recognized in earnings as a result of hedged firm commitments no longer qualifying as fair value hedge during the year ended March 31, 2013

*3 The line items in the Consolidated Statements of Income corresponding to "Revenues/(cost of revenues)" are "Revenues" and "Cost of revenues from trading, manufacturing and other activities " The same applies to the succeeding tables

Derivatives Designated as Cash Flow Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)		Line Item of Gain or Loss Reclassified from AOCI into Earnings	Amount of Gain or Loss Reclassified from AOCI into Earnings (effective portion)	
	Millions of Yen	Millions of U S Dollars		Millions of Yen	Millions of U S Dollars
Interest rate contracts	¥(8,686)	$(92)	Interest expense	¥352	$4
Foreign exchange contracts	17,011	181	Other income—net	(8,284)	(88)
Commodity contracts	1,235	13	Revenues/(cost of revenues)	(2,288)	(24)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2013

*2 Derivative unrealized gains and losses included in AOCI are reclassified into earnings at the time that the associated hedged transactions impact earnings Approximately ¥2,400 million ($26 million) of net unrealized gains, net of tax, included in AOCI at March 31, 2013 will be reclassified into earnings within 12 months from that date

*3 During the year ended March 31, 2013 there were no gains or losses reclassified from AOCI into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period

Derivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)		Line Item of Gain or Loss Reclassified from AOCI into Earnings	Amount of Gain or Loss Reclassified from AOCI into Earnings (effective portion)	
	Millions of Yen	Millions of U S Dollars		Millions of Yen	Millions of U S Dollars
Foreign exchange contracts	¥(66,012)	$(702)	Gain on marketable securities and investments—net	¥(126)	$(1)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2013

Nonderivatives Designated as Net Investment Hedge

Derivative type	Amount of Gain or (Loss) Recognized in OCI (effective portion)	
	Millions of Yen	Millions of U S Dollars
Foreign-currency-denominated debt	¥(3,234)	$(34)

*1 Amounts related to hedge ineffectiveness and amounts excluded from the assessment of hedge effectiveness are immaterial for the year ended March 31, 2013
*2 During the year ended March 31, 2013, there were no gains or losses reclassified from AOCI into earnings

Derivatives Not Designated as Hedging Instruments

Derivative type	Line Item of Gain or Loss Recognized in Earnings on Derivative Item	Amount of Gain or Loss Recognized in Earnings	
		Millions of Yen	Millions of U S Dollars
Interest rate contracts	Interest expense	¥390	$4
	Other income—net	1,268	13
Foreign exchange contracts	Interest expense	4,916	52
	Other income—net	(34,474)	(367)
Commodity contracts	Revenues/(cost of revenues)	(4,619)	(49)

12 FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present information regarding assets and liabilities that are measured at fair value on a recurring basis at March 31, 2012 and 2013

	Millions of Yen				
March 31, 2012	Level 1	Level 2	Level 3	Netting	Total
Assets					
Cash equivalents					
Domestic		¥3,098			¥3,098
Overseas		51			51
Investments					
Trading securities			¥9,021		9,021
Available-for-sale					
Equity securities					
Domestic	¥635,405				635,405
Overseas	280,228	2,172			282,400
Debt securities					
Domestic		16,221			16,221
Overseas	10,784	39,375			50,159
Total investments	¥926,417	¥57,768	¥9,021		¥993,206
Derivative assets					
Interest rate contracts	12	78,142			
Foreign exchange contracts	1	43,164			
Commodity contracts	11,400	159,108	1,468		
Total derivative assets	¥11,413	¥280,414	¥1,468	¥(187,796)	¥105,499
Total assets	¥937,830	¥341,331	¥10,489	¥(187,796)	¥1,101,854
Liabilities					
Derivative liabilities					
Interest rate contracts	¥11	¥19,088			
Foreign exchange contracts	4	55,092			
Commodity contracts	12,024	149,575	¥1,444		
Total derivative liabilities	¥12,039	¥223,755	¥1,444	¥(188,066)	¥49,172
Total liabilities	¥12,039	¥223,755	¥1,444	¥(188,066)	¥49,172

March 31, 2013	Millions of Yen Level 1	Level 2	Level 3	Netting	Total	Millions of U S Dollars Level 1	Level 2	Level 3	Netting	Total
Assets										
Cash equivalents										
Domestic		¥3,198			¥3,198		$34			$34
Overseas		28			28					
Investments										
Trading securities		2,498	¥9,302		11,800		27	$99		126
Available-for-sale										
Equity securities										
Domestic	¥711,661				711,661	$7,571				7,571
Overseas	305,580	423			306,003	3,251	4			3,255
Debt securities										
Domestic		15,893			15,893		169			169
Overseas	7,433	41,895			49,328	79	446			525
Total investments	¥1,024,674	¥60,709	¥9,302		¥1,094,685	$10,901	$646	$99		$11,646
Derivative assets										
Interest rate contracts		90,142					960			
Foreign exchange contracts		68,599					729			
Commodity contracts	17,825	235,476	616			189	2,505	7		
Total derivative assets	¥17,825	¥394,217	¥616	¥(267,725)	¥144,933	$189	$4,194	$7	$(2,848)	$1,542
Total assets	¥1,042,499	¥458,152	¥9,918	¥(267,725)	¥1,242,844	$11,090	$4,874	$106	$(2,848)	$13,222
Liabilities										
Derivative liabilities										
Interest rate contracts	¥1	¥15,663					$167			
Foreign exchange contracts		94,712					1,007			
Commodity contracts	14,489	210,697	¥592			$154	2,242	$6		
Total derivative liabilities	¥14,490	¥321,072	¥592	¥(270,637)	¥65,517	$154	$3,416	$6	$(2,879)	$697
Total liabilities	¥14,490	¥321,072	¥592	¥(270,637)	¥65,517	$154	$3,416	$6	$(2,879)	$697

*1 The Company offsets fair value amounts recognized for derivative instruments against fair value amounts recognized for cash collateral receivables or cash collateral payables arising from derivative instruments executed with the same counterparty when a legally enforceable master netting agreement exists
*2 There were no significant transfers between Level 1 and Level 2
*3 There were no significant transfers out and into Level 3

The majority of investments in marketable equity securities and debt securities classified as available-for-sale securities are designated as Level 1 and are valued using quoted market prices in active markets Debt securities, including those classified as cash equivalents, which include investments in corporate bonds and commercial paper are designated as Level 2 and are valued using quoted market prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active Investments in securities classified as trading securities, comprised principally of investments in hedge funds ("alternative investments") are designated as Level 3 and are valued based on net asset value per share of investees
The fair value of the alternative investments at March 31, 2012 and 2013 was ¥9,021 million and ¥9,302 million ($99 million), respectively The investment strategies of investees are mainly arbitrage and multi-strategy Redemption frequencies of these investments are mainly monthly or quarterly These investments can be redeemable with 3–180 days' notice Redemption dates of these investments are undetermined at March 31, 2013

Derivatives are comprised of interest rate derivative contracts, foreign exchange derivative contracts and commodity derivative contracts Derivatives classified in Level 1 are comprised principally of commodity derivative contracts traded either on exchanges or liquid over-the-counter markets, which are valued using quoted prices Derivatives classified in Level 2 are comprised principally of commodity derivative contracts traded in over-the-counter markets, which are valued by pricing models using observable market inputs such as interest rates, foreign exchange rates and commodity prices Derivatives classified in Level 3 are comprised principally of more structured commodity derivatives, which are valued based on unobservable inputs
Credit risks are adjusted for the net balance of derivative assets and liabilities allocated on derivative contracts with master netting agreements

The following tables present the changes in Level 3 assets and liabilities that are measured at fair value using unobservable inputs for the years ended March 31, 2012 and 2013

	Millions of Yen							
March 31, 2012	Balance at Beginning of Year	Net Realized/ Unrealized Gains (Losses) Included in Earnings	Net Realized/ Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases	Sales	Redemptions and Settlements	Balance at End of Year	Change in Unrealized Gains (Losses) Still Held Recognized in earnings
Investments								
Trading securities	¥9,160	¥(325)	¥(174)	¥790	¥(430)		¥9,021	¥(967)
Derivatives, net								
Commodity contracts	23	478				¥(477)	24	23
Total	¥9,183	¥153	¥(174)	¥790	¥(430)	¥(477)	¥9,045	¥(944)

	Millions of Yen							
March 31, 2013	Balance at Beginning of Year	Net Realized/ Unrealized Gains (Losses) Included in Earnings	Net Realized/ Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases	Sales	Redemptions and Settlements	Balance at End of Year	Change in Unrealized Gains (Losses) Still Held Recognized in earnings
Investments								
Trading securities	¥9,021	¥653	¥446	¥31	¥(849)		¥9,302	¥400
Derivatives, net								
Commodity contracts	24	24				¥(24)	24	24
Total	¥9,045	¥677	¥446	¥31	¥(849)	¥(24)	¥9,326	¥424

	Millions of U S Dollars							
March 31, 2013	Balance at Beginning of Year	Net Realized/ Unrealized Gains (Losses) Included in Earnings	Net Realized/ Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss)	Purchases	Sales	Redemptions and Settlements	Balance at End of Year	Change in Unrealized Gains (Losses) Still Held Recognized in earnings
Investments								
Trading securities	$96	$8	$5		$(9)		$100	$5
Derivatives, net								
Commodity contracts								
Total	$96	$8	$5		$(9)		$100	$5

* Certain Level 3 derivative assets and liabilities are netted in these tables for presentation purposes only

The investments classified in Level 3 are alternative investments, which are valued by the accounting personnel in the Group Administration Department of the Parent who manage the investments or the accounting personnel in the subsidiary managing the investment The investment is valued based on the net asset value per share of the investees which is obtained by these personnel The derivatives classified in Level 3 are the complex commodity derivative instruments, which are valued by the accounting personnel of the subsidiary managing the derivatives The derivative instruments are valued based on pricing information obtained from an external financial institution All the valuations are reviewed quarterly by the accounting personnel and approved by the managements of the Group Administration Department of the Parent or those in accounting department of the subsidiary
The valuation policies and procedures for the fair value measurements are decided and periodically revised by the Corporate Accounting Department

All gains and losses included in earnings are reported in "Gain on marketable securities and investments—net" for investments and "Revenues" and "Cost of revenues from trading, manufacturing and other activities" for derivative assets and liabilities in the Consolidated Statements of Income

Other comprehensive income (loss) related to investments are included in the "Foreign currency translation adjustments" in the Consolidated Statements of Comprehensive Income

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The following tables present information regarding assets measured at fair value on nonrecurring basis as a result of other-than-temporary impairments for the years ended March 31, 2012 and 2013

	Millions of Yen				
March 31, 2012	Fair Value Measurement Amount	Level 1	Level 2	Level 3	Total Gains (Losses)
Investments					
Investments in Affiliated companies	¥29,543	¥13,518		¥16,025	¥(19,008)
Cost method investments	3,440			3,440	(3,188)
Other investments	92		¥3	89	(103)
Total Investments	¥33,075	¥13,518	¥3	¥19,554	¥(22,299)
Fixed Assets	¥11,162			¥11,162	¥(9,043)

	Millions of Yen				
March 31, 2013	Fair Value Measurement Amount	Level 1	Level 2	Level 3	Total Gains (Losses)
Other current assets					
Real estate to sell	¥5,000		¥5,000		¥(337)
Investments					
Investments in Affiliated companies	¥24,776			¥24,776	¥(6,576)
Cost method investments	15,906			15,906	(10,226)
Other investments	32		¥10	22	(28)
Total Investments	¥40,714		¥10	¥40,704	¥(16,830)
Fixed Assets	¥32,019			¥32,019	¥(28,001)

	Millions of U S Dollars				
March 31, 2013	Fair Value Measurement Amount	Level 1	Level 2	Level 3	Total Gains (Losses)
Other current assets					
Real estate to sell	$53		$53		$(4)
Investments					
Investments in Affiliated companies	$264			$264	$(70)
Cost method investments	169			169	(109)
Other investments					
Total Investments	$433			$433	$(179)
Fixed Assets	$341			$341	$(298)

The fair value of the investments classified in Level 1 are determined using quoted prices in active markets
The fair value of the other current assets classified in Level 2 are valued based on the discounted future cash flow method
The fair value of the investments and fixed assets classified in Level 3 are valued by the accounting personnel in the Group Administration Department of the Parent who manage these assets or the accounting personnel in the subsidiary managing these assets The investments are valued mainly based on the discounted future cash flow method with the use of unobservable inputs such as future cash flows of the investees or transaction price The fixed assets are valued mainly based on the independent appraisals or the discounted future cash flow method
In each case, valuations are reviewed by the accounting personnel and approved by the management of the Group Administration Department of the Parent or those in accounting department of the subsidiary
The valuation policies and procedures for the fair value measurements are decided and periodically revised by the Corporate Accounting Department

Quantitative Information about Level 3 Fair Value Measurements

The following table presents information about valuation techniques and unobservable inputs used for the major level 3 assets measured at fair value by the significant and unobservable inputs for the years ended March 31, 2013

	Fair Value Millions of Yen	Fair Value Millions of U S Dollars	Valuation Technique	Unobservable Input	Range
Investments in nonmarketable securities of unaffiliated companies	¥7,973	$85	Discounted cash flow	Discount rate	3%
	¥1,503	$16	Discounted cash flow	Discount rate	7%
				Revenue growth rate	1%
Property and equipment (Mineral rights)	¥8,700	$93	Discounted cash flow	Discount rate	11%

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company, in the normal course of its business, deals with various financial instruments The Company engages in operating transactions with a significant number of customers in a wide variety of industries all over the world, and its receivables from and guarantees to such parties are broadly diversified Consequently, in management's opinion, no significant concentration of credit risk exists for the Company The Company manages credit risk of these financial instruments through credit line approvals by management and by periodically monitoring the counterparties based on the Company's risk management policy The Company requires collateral to the extent considered necessary

The valuation methodology used to determine fair value is discussed in Note 12 The following methods and assumptions were used to estimate the fair value of each class of financial instruments

Current Financial Assets other than Short-term Investments and Current Financial Liabilities—
The carrying amounts of these items approximate their fair values due to the relatively short maturities of these instruments See "Assets and Liabilities Measured at Fair Value on a Recurring Basis" section of Note 12 for the valuation methodology of the fair value of Level 2 instruments which consist of debt securities classified as available-for-sale securities with original maturities within three months included in "Cash and cash equivalents"

Short-term Investments and Other Investments—
"Short-term investments" and "Other investments" include investments in marketable securities See Note 12 for the valuation methodology of the fair value of these investments "Other investments" also includes nonmarketable investments which are composed of nonmarketable equity securities, guarantee deposits and other miscellaneous investments It is not practicable to estimate their fair values as there are a large number of investments of which the information to measure fair value is not readily available However, the fair values of nonmarketable investments measured on a nonrecurring basis as a result of other-than-temporary impairments are estimated using the valuation methodology of Level 3 instruments described in "Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis" section of Note 12

Noncurrent Notes, Loans, Accounts Receivable and Advances to Affiliated Companies—
The fair values of these items are determined using a discounted cash flow model based on estimated future cash flows which incorporate the characteristics of the assets, including principal and contractual interest rates, and discount rates reflecting the Company's assumptions related to credit spreads

Long-term Debt—
The fair values of the Company's debt are estimated based on the present value of estimated future cash flows computed using interest rates that are currently available to the Company for debt with similar terms and remaining maturities

Derivative Instruments—
The fair values of derivative instruments are estimated using the valuation methodology set forth in Note 12

The following table presents the carrying amounts and fair values of financial instruments at March 31, 2012 and 2013 The fair values of derivative instruments are excluded from the table below as they are disclosed in Note 11

	Millions of Yen				Millions of U S Dollars	
	2012		2013		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Current financial assets other than short-term investments, net of allowance for doubtful receivables	¥4,605,840	¥4,605,840	¥4,901,117	¥4,901,117	$52,140	$52,140
Short-term investments and other investments, for which it is						
Practicable to estimate fair value	995,268	995,268	1,110,591	1,110,591	11,815	11,815
Not practicable to estimate fair value	438,643		413,810		4,402	
Noncurrent notes, loans and accounts receivable and advances to Affiliated companies, net of allowance for doubtful receivables	279,936	301,085	343,134	373,645	3,650	3,975
Financial liabilities						
Current financial liabilities	3,412,778	3,412,778	3,475,738	3,475,738	36,976	36,976
Long-term debt, including current maturities, and noncurrent trade payables, included in "Other noncurrent liabilities"	4,275,535	4,274,363	5,171,906	5,162,516	55,020	54,920

The fair values of each class of financial instruments are designated as Levels 1 through 3 based on the below

Current Financial Assets other than Short-term Investments and Current Financial Liabilities—
The carrying amounts of these items approximate their fair values due to the relatively short maturities of these instruments If measured at fair value, cash on hand and deposits would be designated as Level 1, and substantially all other items can be determined based primarily on observable inputs and thus would be designated as Level 2

Short-term Investments and Other Investments—
Investments in marketable equity securities and debt securities classified as available-for-sale securities valued using quoted market prices in active markets are designated as Level 1, investments valued using quoted prices for identical or similar assets in nonactive markets are designated as Level 2, and investments classified as trading securities valued based on net asset value per share of investees and nonmarketable investments measured on a nonrecurring basis as a result of other-than-temporary impairments are designated as Level 3
The fair values designated as Level 1, Level 2, Level 3 related to these items at March 31, 2012 and 2013 are ¥926,417 million, ¥58,083 million, ¥10,768 million, and ¥1,024,674 million ($10,901 million), ¥60,709 million ($646 million), ¥25,208 million ($268 million), respectively

Noncurrent Notes, Loans, Accounts Receivable and Advances to Affiliated Companies—
The fair values to which unobservable inputs are significant to the entire measurement are designated as Level 3, and the fair values to which unobservable inputs are not significant to the entire measurement are designated as Level 2
The fair values designated as Level 2, and Level 3 related to these items at March 31, 2012 and 2013 are ¥54,068 million, ¥247,017 million, and ¥60,415 million ($643 million), ¥313,230 million ($3,332 million), respectively

Long-term Debt—
The interest rates which are used in computing the present value of estimated future cash flow are based primarily on observable inputs and thus the fair values of these items are designated as Level 2

14 SHORT-TERM AND LONG-TERM DEBT

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

	2012		2013		2013
	Millions of Yen	Interest Rate	Millions of Yen	Interest Rate	Millions of U S Dollars
Bank loans	¥731,329	1 7%	¥590,193	1 7%	$6,278
Commercial paper	155,102	0 8	209,790	0 4	2,232
Total	¥886,431		¥799,983		$8,510

The interest rates represent weighted average rates on outstanding balances at March 31, 2012 and 2013
Assets pledged as collateral for short-term debt are disclosed in Note 9

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

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Long-term debt with collateral (Note 9)			
Banks and insurance companies, maturing serially thorough 2034—principally 0% to 1 9% as of March 31, 2013	¥108,700	¥92,273	$982
Government-owned banks and government agencies, maturing serially through 2023—principally 0% to 2 9% as of March 31, 2013	5,893	4,876	52
Banks and insurance companies, maturing serially through 2023 (payable in foreign currencies)—principally 0% to 4 9% as of March 31, 2013	15,481	48,824	519
Government-owned banks and government agencies, maturing serially through 2013 (payable in foreign currency)—principally 6% to 10 9% as of March 31, 2013	1,849	1,023	11
Japanese yen bonds (floating rate 0 44% to 2 35%, due 2018 as of March 31, 2013)	580	200	2
U S dollar bonds (fixed rate 6 08%, due 2017 as of March 31, 2013)	4,513	4,643	49
Total	¥137,016	¥151,839	$1,615

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Long-term debt without collateral			
Banks and insurance companies, maturing serially through 2033—principally 0% to 1 9% as of March 31, 2013	¥2,133,577	¥2,204,320	$23,450
Government-owned banks and government agencies, maturing serially through 2024—principally 0% to 1 9% as of March 31, 2013	231,357	193,972	2,064
Banks and insurance companies, maturing serially through 2029 (payable in foreign currencies)—principally 0% to 2 9% as of March 31, 2013	437,572	835,551	8,889
Government-owned banks and government agencies, maturing serially through 2032 (payable in foreign currency)—principally 0% to 1 9% as of March 31, 2013	91,876	383,039	4,075
Japanese yen callable bonds (adjustable fixed rate 1 50%, due 2015 as of March 31, 2013)	10,000	10,000	106
Japanese yen bonds (floating rate 0 21% to 2 11%, due 2013-2021 as of March 31, 2013)	200,000	200,000	2,128
Japanese yen bonds (fixed rate 0 56% to 3 18%, due 2014-2022 as of March 31, 2013)	624,000	632,000	6,723
U S dollar bonds (fixed rate 1 88% to 2 75%, due 2015-2017 as of March 31, 2013)	123,285	211,613	2,251
Medium-term notes (payable in Japanese yen), 0 01% to 2 07%, due 2013-2022 as of March 31, 2013	64,420	80,495	856
Medium-term notes (payable in U S dollars), 0 94% to 3 10 %, due 2014-2017 as of March 31, 2013	821	7,516	80
Medium-term notes (payable in Australian dollars), 6 00%, due 2013 as of March 31, 2012	1,705		
Medium-term notes (payable in New Zealand dollars), 3 46%, due 2017 as of March 31, 2013		787	8
Commercial paper (payable in Japanese yen), with average interest rate of 0 10% as of March 31, 2013	75,000	95,000	1,011
Total	3,993,613	4,854,293	51,641
Total long-term debt	4,130,629	5,006,132	53,256
Less unamortized issue discount	(672)	(879)	(9)
Add adjustments to fair value under fair value hedge accounting	65,365	84,406	898
Total	4,195,322	5,089,659	54,145
Less current maturities	(435,349)	(590,006)	(6,277)
Less adjustments to fair value under fair value hedge accounting related to "current maturities"	128	(970)	(10)
Long-term debt, less current maturities	¥3,760,101	¥4,498,683	$47,858

Annual maturities of long-term debt as of March 31, 2013, based on their contractual terms, are as follows, excluding the effect of adjustments to fair value under fair value hedge accounting

	Millions of Yen	Millions of U S Dollars
Year ending March 31		
2014 (included in current liabilities)	¥590,006	$6,277
2015	557,464	5,930
2016	561,517	5,973
2017	618,666	6,581
2018	758,373	8,068
2019 and thereafter	1,920,106	20,427
Total	¥5,006,132	$53,256

The Company enters into interest rate swap and currency swap contracts for certain short-term and long-term debt to manage interest rate and foreign currency exposure The effective interest rates taking the effect of such swap agreements into consideration are principally based on the three month LIBOR (London Interbank Offered Rate)

The Company maintains lines of credit with various banks The short-term and long-term portions of unused lines of credit, including overdraft contracts and facilities discussed below, totaled ¥891,523 million and ¥408,812 million, respectively, at March 31, 2012, and ¥882,648 million ($9,390 million) and ¥663,567 million ($7,059 million), respectively, at March 31, 2013
The lines of credit include Japanese yen facilities of ¥510,000 million ($5,426 million) held by the Parent and ¥90,000 million ($957 million) held by a domestic subsidiary, and foreign currency facilities for major currencies of $1,000 million and for soft currencies of $300 million held by the Parent and foreign subsidiaries at March 31, 2013 The Parent and the subsidiaries compensate banks for these facilities in the form of commitment fees, which were insignificant in each of the past three years Certain commitment fees on these facilities are based on the Parent's credit rating The Parent and the subsidiaries are required to comply with certain financial covenants to maintain these facilities
The Parent utilizes its long-term portions of unused lines of credit, discussed above, totaling ¥410,000 million which terminate in December 2017, to support the Parent's commercial paper program The commercial paper program is used to fund working capital and other general corporate requirements as needed The outstanding commercial paper of ¥75,000 million at March 31, 2012 and ¥95,000 million ($1,011 million) at March 31, 2013 was classified as long-term debt on the consolidated balance sheets since the Parent has the intent and ability to refinance these borrowings on a long-term basis through continued commercial paper borrowings, supported by the available lines of credit.

Substantially all of the short-term and long-term loans from banks are made under agreements which, as is customary in Japan, allow banks, under certain conditions, to require the Company to provide collateral (or additional collateral) or guarantors with respect to the loans, and to treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank Certain agreements relating to long-term bank loans allow the banks to require the Company to submit proposals as to the payment of dividends and other appropriations of earnings for the banks' review and approval before presentation to the shareholders Default provisions of certain loan agreements grant certain priority rights of assets to the banks Under certain agreements, principally with government-owned financial institutions, the borrower is required, upon request of the lender, to reduce outstanding loans before scheduled maturity dates when the lender considers that the Company is able to reduce such loans through increased earnings or by additional cash flow raised through stock issuances or bond offerings During the years ended March 31, 2012 and 2013, the Company did not receive any request of the kind described above and does not expect that any such request will be received

15 INCOME TAXES

Income taxes in Japan applicable to the Company, imposed by the national, prefectural and municipal governments, in the aggregate, resulted in a statutory income tax rate of approximately 41% for the years ended March 31, 2011 and 2012, 38% for the year ended March 31, 2013 New corporate tax laws of "Partial revision of income tax law, etc in response to the changing economic structure" and "Special measures to reconstruction funding after the Great East Japan Earthquake" were enacted on November 30, 2011 As a result, the statutory income tax rate of 41% as of March 31, 2012 was reduced to 38% effective April 1, 2012 through the end of the fiscal year 2014 and will be reduced further to 36% thereafter Adjustment of deferred tax assets and liabilities in relation to enacted tax laws decreased income taxes and increased net income attributable to Mitsubishi Corporation by ¥2,919 million ($36 million) for the year ended March 31, 2012 Foreign subsidiaries are subject to income taxes of the countries in which they operate

On March 29, 2012, the Minerals Resource Rent Tax Act 2012 (MRRT) was enacted in Australia Under the MRRT, the Company is liable to pay taxes equal to the sum of its MRRT liabilities on mining profits made from extractive taxable resources for a mining project interest for a year Mining profit consists of mining revenue less mining expenditure, and is also reduced by allowances One of the allowances is the starting base allowance MRRT allows entities to elect the market value approach and remeasure the tax basis of the starting base assets at fair value and depreciate or amortize the excess of market value over carrying value as deductible allowance from mining profit in the future years as the starting base allowance Starting base assets consist of property or a legal or equitable right relating to a mining project interest To determine the amount of starting base assets the Company plans to elect market value approach, resulting in a temporary difference between the accounting and tax basis of the relative assets The Company recognized deferred tax assets for the temporary difference On the other hand, because the royalty allowance and other various allowances under the MRRT are prescribed to be preferentially applied rather than the starting base allowance, it is more likely than not that the starting base allowance will not be used in the future at present forecast and a valuation allowance was provided against the deferred tax assets recognized upon enactment of the MRRT The valuation allowance was also provided against the entire amount of deferred tax assets which fluctuated after the enactment of the MRRT Therefore, impact of the MRRT is not included in a reconciliation of the combined statutory income tax rates to the effective income tax rates as the net impact on income taxes was zero

A reconciliation of the combined statutory income tax rates applied to income before income taxes and equity in earnings of Affiliated companies and other for the years ended March 31, 2011, 2012 and 2013 to the effective income tax rates on income before income taxes and equity in earnings of Affiliated companies and other reflected in the accompanying consolidated statements was as follows

	2011	2012	2013
Combined statutory income tax rate applied to income before income taxes and equity in earnings of Affiliated companies and other	41 0%	41 0%	38 0%
Expenses not deductible for income tax purposes	0 8	0 9	1 0
Changes in valuation allowance	1 5	0 5	2 5
Tax benefits recognized for accumulated losses of certain subsidiaries	(1 0)	(0 7)	(0 1)
Lower income tax rates in certain foreign countries	(7 0)	(6 9)	(5 7)
Tax effects on undistributed earnings of Affiliated companies	0 4	1 4	(1 6)
Effect of taxation on dividends	1 3	0 2	(0 5)
Tax assessments	0 6	0 6	0 1
Other—net	(0 1)	(0 0)	0 0
Effective income tax rate on income before income taxes and equity in earnings of Affiliated companies and other	37 5%	37 0%	33 7%

Amounts provided for income taxes for the years ended March 31, 2011, 2012 and 2013 were allocated as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Income taxes	¥198,680	¥168,330	¥113,486	$1,207
Other comprehensive (loss) income	(26,787)	(40,335)	56,218	598
Total income tax expense	¥171,893	¥127,995	¥169,704	$1,805

Significant components of deferred tax assets and liabilities at March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Assets			
Allowance for doubtful receivables	¥12,583	¥12,299	$131
Pension and severance	25,456	28,664	305
Property and equipment	185,738	260,776	2,774
Investments	86,092	70,112	746
Net operating loss carryforwards	49,701	76,830	817
Other accrued expenses	22,637	23,645	252
Other	53,249	64,130	682
Gross deferred tax assets	435,456	536,456	5,707
Less valuation allowance	(216,592)	(284,729)	(3,029)
Deferred tax assets—less valuation allowance	218,864	251,727	2,678
Liabilities			
Depreciation	103,489	119,727	1,274
Investments	170,947	220,382	2,344
Property and equipment	38,528	29,095	310
Pension and severance	1,833	1,895	20
Other	29,357	46,928	499
Gross deferred tax liabilities	344,154	418,027	4,447
Net deferred tax liabilities	¥(125,290)	¥(166,300)	$(1,769)

A valuation allowance is established to reduce certain deferred tax assets related to deductible temporary differences and net operating loss carryforwards where it is more-likely-than-not that they will not be realized The total valuation allowance decreased by ¥2,135 million for the year ended March 31, 2011, increased by ¥170,800 million for the year ended March 31, 2012, and increased by ¥68,137 million ($725 million) for the year ended March 31, 2013 The deferred tax assets (Property and equipment) recorded as a result of MRRT at March 31, 2012 and 2013 were ¥161,993 million and ¥222,403 million, respectively A corresponding valuation allowance was established for the entire amount of deferred tax assets recorded at March 31, 2012 and 2013

Net deferred tax liabilities included in the consolidated balance sheets at March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Current assets—Deferred income taxes	¥45,780	¥62,135	$661
Other assets	30,550	37,461	399
Other current liabilities	(2,569)	(1,280)	(14)
Noncurrent liabilities—Deferred income taxes	(199,051)	(264,616)	(2,815)
Net deferred tax liabilities	¥(125,290)	¥(166,300)	$(1,769)

No provision for income taxes is recognized for the undistributed earnings of subsidiaries where the Parent considers that such earnings are not expected to be remitted in the foreseeable future At March 31, 2012 and 2013, the amount of undistributed earnings of subsidiaries on which a deferred tax liability has not been recognized in the accompanying consolidated financial statements aggregated ¥1,133,918 million and ¥1,286,009 million ($13,681 million), respectively Determination of the deferred tax liability related to the undistributed earnings of foreign subsidiaries is not practicable

At March 31, 2013, the Company had aggregate operating loss carryforwards of ¥284,054 million ($3,022 million) which may be used as a deduction in the determination of taxable income in future periods If not utilized, such loss carryforwards expire as follows

	Millions of Yen	Millions of U S Dollars
Year ending March 31		
2014	¥3,206	$34
2015	3,873	41
2016	1,842	20
2017	3,136	33
2018	7,925	84
2019 through 2023	35,929	382
2024 through 2028	4,663	50
2029 and thereafter	223,480	2,378
Total	¥284,054	$3,022

The following table presents components of income before income taxes and equity in earnings of Affiliated companies and other and income taxes for the years ended March 31, 2011, 2012 and 2013

	Millions of Yen			Millions of U S Dollars		
	The Parent and Its Domestic Subsidiaries	Foreign Subsidiaries	Total	The Parent and Its Domestic Subsidiaries	Foreign Subsidiaries	Total
Year ended March 31, 2011						
Income before income taxes and equity in earnings of Affiliated companies and other	¥153,481	¥376,624	¥530,105			
Income taxes—Current	(77,324)	(91,257)	(168,581)			
Income taxes—Deferred	(20,423)	(9,676)	(30,099)			
Income taxes—Total	¥(97,747)	¥(100,933)	¥(198,680)			
Year ended March 31, 2012						
Income before income taxes and equity in earnings of Affiliated companies and other	¥180,291	¥274,417	¥454,708			
Income taxes—Current	(56,226)	(74,325)	(130,551)			
Income taxes—Deferred	(41,388)	3,609	(37,779)			
Income taxes—Total	¥(97,614)	¥(70,716)	¥(168,330)			
Year ended March 31, 2013						
Income before income taxes and equity in earnings of Affiliated companies and other	¥195,979	¥141,227	¥337,206	$2,085	$1,502	$3,587
Income taxes—Current	(82,253)	(38,299)	(120,552)	(875)	(407)	(1,282)
Income taxes—Deferred	(8,466)	15,532	7,066	(90)	165	75
Income taxes—Total	¥(90,719)	¥(22,767)	¥(113,486)	$(965)	$(242)	$(1,207)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Balance at beginning of year	¥7,268	¥4,481	$48
Additions for tax positions of the current year			
Additions for tax positions of prior years	1,431	194	2
Reductions for tax positions of prior years	(315)		
Settlements	(3,895)	(4,439)	(47)
Other	(8)	3	
Balance at end of year	¥4,481	¥239	$3

The amounts of unrecognized tax benefits at March 31, 2012 and 2013 that would affect the effective tax rate, if recognized, were ¥4,481 million and ¥239 million ($3 million), respectively

The Company does not believe it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease during the next twelve months

The Company recognizes interest and penalties associated with uncertain tax positions as a component of income taxes in the consolidated statements of income For the years ended March 31, 2012 and 2013, interest and penalties recognized as a component of accrued income taxes and other long-term liabilities in the consolidated balance sheets and as a component of income taxes in the consolidated statements of income were not material

The Company files income tax returns in Japan and various foreign tax jurisdictions In Japan, regular examinations by tax authorities have been substantially completed for years before 2010 As of March 31, 2013, the earliest tax years that remain subject to examination by major tax jurisdictions in which the companies operate are the year ended March 31, 2007 for Japan and the year ended March 31, 2009 for Australia.

16 ACCRUED PENSION AND SEVERANCE LIABILITIES

The Parent and certain subsidiaries have defined benefit pension plans covering substantially all employees other than directors The primary defined benefit pension plans are the Corporate Pension Funds under the Defined Benefit Corporate Pension Law The benefits for these plans are based upon years of service, compensation at the time of severance and other factors

From April 2006, the Parent has started to convert certain portions of the Corporate Pension Funds into a defined contribution plan in phases

In addition to the pension plans, most of the domestic subsidiaries have unfunded severance indemnity plans under which their employees, other than directors, are entitled, under most circumstances, to lump-sum severance indemnities upon mandatory retirement at normal retirement age or earlier termination of employment The benefits for these plans are based upon years of service, compensation at the time of severance and other factors

The Company uses a March 31 measurement date for the pension plans

The following table sets forth the reconciliation of benefit obligation, plan assets and the funded status of the plans

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Change in benefit obligation			
Benefit obligation at beginning of year	¥438,153	¥448,248	$4,769
Service cost	12,418	12,715	135
Interest cost	10,840	10,872	116
Employee contributions	190	194	2
Plan amendments		1,601	17
Actuarial loss	8,717	53,540	569
Benefits paid	(20,825)	(20,532)	(219)
Settlements and curtailments	(3,016)	(2,468)	(26)
Acquisitions/divestitures and other—net	2,347	5,337	57
Change in foreign currency exchange rates	(576)	5,324	57
Benefit obligation at end of year	448,248	514,831	5,477
Change in plan assets			
Fair value of plan assets at beginning of year	415,910	427,487	4,548
Actual gain on plan assets	11,104	41,430	441
Employer contributions	18,132	26,042	277
Employee contributions	190	194	2
Benefits paid	(16,417)	(16,130)	(172)
Settlements	(2,931)	(2,494)	(27)
Acquisitions/divestitures and other—net	2,051	2,978	32
Change in foreign currency exchange rates	(552)	4,431	47
Fair value of plan assets at end of year	427,487	483,938	5,148
Funded status at end of year	¥(20,761)	¥(30,893)	$(329)
Amounts recognized in the consolidated balance sheets consist of			
Prepaid pension cost included in other current assets and other assets	¥29,354	¥24,996	$266
Other accrued expenses	(956)	(1,150)	(12)
Accrued pension liability	(49,159)	(54,739)	(583)
Net amount recognized	¥(20,761)	¥(30,893)	$(329)

The following table presents the pre-tax net loss and prior service cost recognized in AOCI for the years ended March 31, 2011, 2012 and 2013

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Net loss	¥(125,693)	¥(122,175)	¥(137,097)	$(1,458)
Prior service cost	(3,465)	(3,067)	(4,433)	(47)
Accumulated other comprehensive loss	¥(129,158)	¥(125,242)	¥(141,530)	$(1,505)

Net periodic pension costs related to the Company's pension and indemnity plans for the years ended March 31, 2011, 2012 and 2013 include the following components

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Service cost—benefits earned during the period	¥12,227	¥12,418	¥12,715	$135
Interest cost on projected benefit obligation	11,041	10,840	10,872	116
Expected return on plan assets	(7,228)	(7,489)	(8,058)	(86)
Recognized net actuarial loss	7,566	7,903	7,126	76
Amortization of unrecognized prior service cost	369	391	465	5
Settlement and curtailment loss	1,006	1,034	837	9
Net periodic pension cost	¥24,981	¥25,097	¥23,957	$255

Other changes in plan assets and benefit obligation recognized in other comprehensive income for the years ended March 31, 2011, 2012 and 2013 were as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Current year actuarial loss	¥6,965	¥5,419	¥22,885	$243
Recognized net actuarial loss	(7,566)	(7,903)	(7,126)	(76)
Settlement and curtailment loss	(1,006)	(1,034)	(837)	(9)
Prior service cost due to amendments	221	(7)	1,831	20
Amortization of unrecognized prior service cost	(369)	(391)	(465)	(5)
Total recognized in other comprehensive income	¥(1,755)	¥(3,916)	16,288	$173

The following table presents the estimated net loss and prior service cost that will be amortized from AOCI into net periodic cost for the year ending March 31, 2014

	Millions of Yen	Millions of U S Dollars
	2014	2014
Net loss	¥7,349	$78
Prior service cost	536	6
Total	¥7,885	$84

The total accumulated benefit obligation for the Company's defined benefit pension plans was ¥415,296 million and ¥478,630 million ($5,092 million) as of March 31, 2012 and 2013, respectively

The aggregate projected benefit obligation, aggregate accumulated benefit obligation and aggregate fair value of plan assets where accumulated benefit obligations exceeded plan assets as of March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Aggregate projected benefit obligation	¥93,362	¥103,104	$1,097
Aggregate accumulated benefit obligation	82,631	96,718	1,029
Aggregate fair value of plan assets	47,124	50,931	542

Plan Assets

The Company's investment policy for their defined benefit pension plans is to procure an adequate return to provide future payments of pension benefits over the long term by optimizing risk tolerance and formulating a well-diversified portfolio such as equity securities, debt securities and alternative assets

Considering the funded status of the pension plans and surrounding economic environment for investments, the Company's investment strategy may be revised as needed Moreover, the Company continuously monitors and pays extra attention to the diversification of strategies and investment managers for the purpose of risk control and thereby pursues efficient risk management.

Recognizing the strong uncertainty of the market environment continuing from the previous year, the investment policy of the Parent, which benefit pension plan assets account for substantial parts of the Company's benefit pension plan assets, for the year ending March 31, 2014 is to invest in a conservative portfolio The Parent's target asset allocations as of March 31, 2013, excluding the employee pension trust which primarily consists of equity securities, are 20% equity securities, 50% debt securities, 20% alternative investments and 10% cash and cash equivalents

The fair values of the benefit pension plan assets of the Company for the years ended March 31, 2012 and 2013, by asset category are as follows The three levels of input used to measure fair value are described in Note 2

	Millions of Yen			
March 31, 2012	Level 1	Level 2	Level 3	Total
Equity securities*1				
Japanese equity securities	¥110,507	¥16,942		¥127,449
Global equity securities	13,285	32,265		45,550
Debt securities*2				
Japanese debt securities		84,706		84,706
Global debt securities	6,169	78,118	¥4,249	88,536
Hedge funds		14	16,312	16,326
Private equity funds			5,192	5,192
Real estate funds			3,424	3,424
Life insurance company accounts*3		14,901	2,615	17,516
Cash and cash equivalents		31,814		31,814
Other assets*4		207	6,767	6,974
Total	¥129,961	¥258,967	¥38,559	¥427,487

	Millions of Yen			
March 31, 2013	Level 1	Level 2	Level 3	Total
Equity securities*1				
Japanese equity securities	¥131,637	¥18,778		¥150,415
Global equity securities	17,391	39,683		57,074
Debt securities*2				
Japanese debt securities	304	7,098		7,402
Global debt securities	8,239	117,120	¥9,602	134,961
Hedge funds			13,496	13,496
Private equity funds			4,588	4,588
Real estate funds		22	1,983	2,005
Life insurance company accounts*3		22,274	2,798	25,072
Cash and cash equivalents		80,895		80,895
Other assets*4		910	7,120	8,030
Total	¥157,571	¥286,780	¥39,587	¥483,938

March 31, 2013	Millions of U S Dollars Level 1	Level 2	Level 3	Total
Equity securities*1				
Japanese equity securities	$1,400	$200		$1,600
Global equity securities	185	422		607
Debt securities*2				
Japanese debt securities	3	76		79
Global debt securities	88	1,246	$102	1,436
Hedge funds			144	144
Private equity funds			49	49
Real estate funds			21	21
Life insurance company accounts*3		237	30	267
Cash and cash equivalents		860		860
Other assets*4		10	75	85
Total	$1,676	$3,051	$421	$5,148

*1 Both Japanese equities and Global equities include the form of fund units Global equities include a mixture of Japanese and non-Japanese equities which are held in the form of fund units

*2 Both Japanese debt securities and Global debt securities include the form of fund units Global debt securities include a mixture of Japanese and non-Japanese debt securities which are held in the form of fund units

*3 Life insurance company accounts consist of investments in life insurance company general accounts and special accounts General accounts are guaranteed for principal amount and interest rate by life insurance companies while special accounts are not guaranteed for their investment return

*4 Other assets principally include Collateralized Loan Obligation Funds and Infrastructure Funds

Level 1 assets are comprised principally of equity securities, which are valued using quoted market prices in active markets

Level 2 assets are comprised principally of equity securities and debt securities which are held in the form of fund units These assets are valued using their net asset values (NAV) per share that are calculated by the administrator of the fund The NAV per share is based on the value of the underlying assets that are traded principally in the active market, minus liabilities and dividends by the number of shares Investment in life insurance company accounts are valued by aggregation of their underlying assets that are traded in the active market

Level 3 assets, consisting principally of hedge funds and private equity funds are valued based on the NAV per share using unobservable inputs, and these investments are not redeemable or redemption dates of these investments are undetermined, at March 31, 2013

The changes in Level 3 assets for the years ended March 31, 2012 and 2013 were as follows

March 31, 2012	Millions of Yen Balance, Beginning of Year	Net realized/ Unrealized gains (losses)	Purchases, sales and settlements	Transfers in and/or out of Level 3	Other*	Balance, End of Year
Debt securities						
Global debt securities	¥2,604	¥364	¥1,047		¥234	¥4,249
Hedge funds	4,507	59	11,746			16,312
Private equity funds	4,744	428	20			5,192
Real estate funds	1,191	233	2,000			3,424
Life insurance company accounts	2,444	130	126		(85)	2,615
Other assets	7,963	343	(1,664)		125	6,767
Total	¥23,453	¥1,557	¥13,275		¥274	¥38,559

March 31, 2013	Balance, Beginning of Year	Net realized/ Unrealized gains (losses)	Purchases, sales and settlements	Transfers in and/or out of Level 3	Other*	Balance, End of Year
	Millions of Yen					
Debt securities						
Global debt securities	¥4,249	¥852	¥4,223	¥105	¥173	¥9,602
Hedge funds	16,312	717	(3,533)			13,496
Private equity funds	5,192	91	(695)			4,588
Real estate funds	3,424	148	(1,589)			1,983
Life insurance company accounts	2,615	54	214	(428)	343	2,798
Other assets	6,767	2,127	(1,639)	(81)	(54)	7,120
Total	¥38,559	¥3,989	¥(3,019)	¥(404)	¥462	¥39,587

March 31, 2013	Balance, Beginning of Year	Net realized/ Unrealized gains (losses)	Purchases, sales and settlements	Transfers in and/or out of Level 3	Other*	Balance, End of Year
	Millions of U S Dollars					
Debt securities						
Global debt securities	$45	$9	$45	$1	$2	$102
Hedge funds	174	8	(38)			144
Private equity funds	55	1	(7)			49
Real estate funds	36	2	(17)			21
Life insurance company accounts	28	1	2	(5)	4	30
Other assets	72	21	(17)		(1)	75
Total	$410	$42	$(32)	$(4)	$5	$421

* "Other" includes the effect of changes in foreign currency exchange rates

Assumptions

The weighted average assumptions used to determine benefit obligations at March 31, 2012 and 2013 were as follows

	2012	2013
Weighted average discount rate	2 6%	1 8%
Average rate of increase in future compensation levels	2 6	2 6

The weighted average assumptions used to determine net periodic benefit cost for the years ended March 31, 2011, 2012 and 2013 were as follows

	2011	2012	2013
Weighted average discount rate	2 7%	2 7%	2 6%
Average rate of increase in future compensation levels	2 6	2 5	2 6
Expected long-term rate of return on plan assets	2 6	2 5	2 5

The Company determines assumptions for the expected long-term return on plan assets considering the investment policy, the historical returns, asset allocation and future estimates of long-term investment returns

Contributions

The Company's funding policy is mainly to contribute an amount deductible for income tax purposes Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future

The Company expects to contribute approximately ¥13,000 million ($138 million) to its defined benefit pension plans during the year ending March 31, 2014

Estimated Future Benefit Payments

Estimated future benefit payments are as follows

	Millions of Yen	Millions of U S Dollars
Years ending March 31		
2014	¥23,768	$253
2015	24,317	259
2016	24,104	256
2017	25,098	267
2018	25,157	268
2019 through 2023	122,968	1,308

Defined Contribution Plans

The Parent and certain subsidiaries have defined contribution plans The expenses related to these defined contribution plans were ¥2,307 million, ¥2,419 million and ¥3,378 million ($36 million) for the years ended March 31, 2011, 2012 and 2013, respectively

Early Retirement Program

The Parent has offered an early retirement program to its employees At March 31, 2012 and 2013, the liability for applicants to the program, discounted to reflect the present value of the expected cash flows, was ¥3,305 million and ¥3,036 million ($32 million), respectively Current and noncurrent portion of such liability is included in "Other accrued expenses" and in "Accrued pension and severance liabilities" in the accompanying consolidated balance sheets, respectively, depending on when the additional benefit payment is expected to be made Related expenses recognized by the Parent for the years ended March 31, 2011, 2012 and 2013, included in "Selling, general and administrative expenses" in the accompanying consolidated statements of income, were ¥1,079 million, ¥658 million and ¥859 million ($9 million), respectively

17 ASSET RETIREMENT OBLIGATIONS

The Company accounts for asset retirement obligations ("AROs"), consisting primarily of costs associated with mine reclamation, landfills and dismantlement of facilities These are related to legal obligations associated with the normal operation of the Company's coal mining and oil and gas facilities

These liabilities are included in "Other current liabilities" and "Other noncurrent liabilities" in the consolidated balance sheets

The changes in the carrying amount of AROs for the years ended March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Balance at beginning of year	¥63,941	¥70,781	$753
Accretion expense	4,416	4,061	43
Liabilities settled	(4,875)	(2,810)	(30)
Liabilities incurred	8,463	13,203	141
Revisions in estimated cash flow	(267)	(1,160)	(12)
Change in foreign currency exchange rates	(897)	9,707	103
Balance at end of year	¥70,781	¥93,782	$998

18 SHAREHOLDERS' EQUITY

Common Stock—

The Companies Act of Japan (the "Companies Act") requires in principle that the amount of payment for shares and assets delivered shall be the amount of common stock However, the Companies Act permits, as an exception, that an amount not exceeding 50% of such amount of payment and assets is able to be incorporated into additional paid-in capital

Additional Paid-in Capital and Retained Earnings—

The Companies Act requires that an amount equal to 10% of dividends from retained earnings to be paid shall be appropriated and set aside as legal reserve until the total of additional paid-in capital and legal reserve amounts to 25% of the common stock amount

The Companies Act provides that subject to certain conditions, such as a resolution at a shareholders' meeting, a company may transfer amounts between common stock, reserves and surplus

The effects of changes in the Parent's ownership interest in its subsidiary on the Parent's equity for the years ended March 31, 2011, 2012 and 2013 were as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Net income attributable to Mitsubishi Corporation	¥464,543	¥452,344	¥360,028	$3,830
Increase in additional paid-in capital for purchases or sales of certain subsidiaries' common shares	1,002	4,591	585	6
Change from net income attributable to Mitsubishi Corporation and transfers to noncontrolling interest	¥465,545	¥456,935	¥360,613	$3,836

Dividends—

Under the Companies Act, the total amount for dividends and acquisition or purchase of treasury stock may not exceed the distributable amount of the Parent which is calculated based on the amount of the retained earnings recorded in the Parent's general books of accounts maintained in accordance with accounting principles generally accepted in Japan The adjustments to the consolidated financial statements to conform with U S GAAP have no effect on the determination of the distributable amount under the Companies Act The distributable amount under the Companies Act was ¥1,530,094 million ($16,278 million) as of March 31, 2013 The distributable amount may fluctuate until the effective date for the distribution of dividends as a result of, for example, subsequent purchases of treasury stocks

The Companies Act allows for the payment of dividends at any time during the fiscal year upon resolution at a shareholders' meeting Furthermore, the Parent is also allowed to distribute a semiannual interim dividend by resolution of the Board of Directors

In the accompanying consolidated statements of equity, dividends and appropriations to the legal reserve shown for each year represent dividends paid out during the year and the appropriation to the legal reserve made in relation to the respective dividends

Purchase of Treasury Stock—

The Companies Act allows Japanese companies to purchase and hold treasury stock. Japanese companies are allowed to decide the number, amount and others of the treasury stock to be acquired, not exceeding the amount available for distribution, upon resolution at the shareholders' meeting The Companies Act allows the Japanese companies to purchase treasury stock through market transactions or tender offer by resolution of the Board of Directors, as far as it is allowed under the Articles of Incorporation, subject to limitations imposed by the Companies Act

At the ordinary general meeting of shareholders held on June 24, 2004, it was approved that the Parent amended the Articles of Incorporation to entitle the Board of Directors to purchase outstanding shares of the Company's treasury stock by its resolutions

In the year ended March 2012, the Parent retired treasury stock (45 million shares) subject to approval of the Board of Directors As a result, additional paid-in capital decreased by ¥9 million, unappropriated retained earnings decreased by ¥128,601 million and treasury stock decreased by ¥128,610 million The retirement of treasury stock did not affect total Mitsubishi Corporation shareholders' equity

19 COMPREHENSIVE INCOME

Comprehensive income attributable to Mitsubishi Corporation for the years ended March 31, 2011, 2012 and 2013 consisted of the following

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Net income attributable to Mitsubishi Corporation	¥464,543	¥452,344	¥360,028	$3,830
Other comprehensive (loss) income attributable to Mitsubishi Corporation				
Net unrealized (losses) gains on available-for-sale securities (Note 5)				
Net unrealized holding (losses) gains during the year	(23,769)	(16,345)	141,337	1,504
Reclassification adjustments for net gains included in net income attributable to Mitsubishi Corporation	(19,763)	(7,246)	(26,246)	(280)
Net change during the year	(43,532)	(23,591)	115,091	1,224
Income tax benefit (expense) (Note 15)	19,027	17,161	(40,006)	(425)
Total	(24,505)	(6,430)	75,085	799
Net unrealized gains (losses) on derivatives (Note 11)				
Net unrealized gains (losses) during the year	44,018	(10,724)	9,560	102
Reclassification adjustments for net gains included in net income attributable to Mitsubishi Corporation	(27,054)	(36,821)	(3,311)	(36)
Net change during the year	16,964	(47,545)	6,249	66
Income tax (expense) benefit (Note 15)	(4,519)	14,758	(2,584)	(27)
Total	12,445	(32,787)	3,665	39
Defined benefit pension plans (Note 16)				
Net unrealized losses during the year	(7,081)	(6,008)	(23,238)	(247)
Reclassification adjustments for net losses included in net income attributable to Mitsubishi Corporation	8,892	9,236	8,286	88
Net change during the year	1,811	3,228	(14,952)	(159)
Income tax (expense) benefit (Note 15)	(978)	(1,977)	5,368	57
Total	833	1,251	(9,584)	(102)
Foreign currency translation adjustments				
Translation adjustments during the year	(87,853)	(45,322)	353,929	3,765
Reclassification adjustments for net losses included in net income attributable to Mitsubishi Corporation	3,134	4,196	1,252	14
Net change during the year	(84,719)	(41,126)	355,181	3,779
Income tax benefit (expense) (Note 15)	13,257	10,393	(18,996)	(203)
Total	(71,462)	(30,733)	336,185	3,576
Total other comprehensive (loss) income attributable to Mitsubishi Corporation	(82,689)	(68,699)	405,351	4,312
Comprehensive income attributable to Mitsubishi Corporation	¥381,854	¥383,645	¥765,379	$8,142

20 EARNINGS PER SHARE

Reconciliations of the basic and diluted net income attributable to Mitsubishi Corporation per share are as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Numerator				
Net income attributable to Mitsubishi Corporation	¥464,543	¥452,344	¥360,028	$3,830

	Thousands of Shares		
	2011	2012	2013
Denominator			
Basic weighted average common shares outstanding	1,643,687	1,645,406	1,646,519
Effect of dilutive securities			
Stock options	3,610	3,527	3,649
Japanese yen convertible bond	762	134	
Diluted outstanding shares	1,648,059	1,649,068	1,650,169

	Yen			U S Dollars
	2011	2012	2013	2013
Per share amount				
Basic	¥282 62	¥274 91	¥218 66	$2 33
Diluted	281 87	274 30	218 18	2 32

21 SEGMENT INFORMATION

Operating segments are defined as components of an enterprise that engages in business activities from which revenue may be earned and expenses incurred for which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance

The operating segments were determined based on the nature of the products and services offered The Company's reportable operating segments consist of the following six business groups

Industrial Finance, Logistics & Development—
The Industrial Finance, Logistics & Development Group is developing *shosha*-type industrial finance businesses These include asset management businesses, buyout investment businesses, leasing businesses, real estate development and finance businesses, and logistics services

Energy Business—
The Energy Business Group conducts oil and gas exploration, development and production (E&P) business, investment in liquefied natural gas (LNG) liquefaction projects, and sales of crude oil, petroleum products, carbon materials and products, LNG, and liquefied petroleum gas (LPG) and so forth

Metals—
The Metals Group trades, develops businesses 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

Machinery—
The Machinery Group engages in sales, finance and logistics for machinery across many different sectors, in which it also invests These fields range from large-scale plants for production of natural gas, petroleum, chemicals or steel, to marine, automotive and other transport equipment, as well as aerospace-related equipment, mining equipment, construction machinery, industrial equipment and elevating machines

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

Living Essentials—
The Living Essentials Group provides products and services, develops businesses and invests in various fields closely linked with people's lives, including food products and food, textiles, essential supplies, healthcare, distribution and retail These fields extend from the procurement of raw materials to the consumer market

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that the disaggregated financial information has been prepared using a management approach, in which management internally disaggregates financial information for the purpose of assisting in making internal operating decisions Management evaluates segment performance based on several factors, of which the primary financial measure is net income (loss) attributable to Mitsubishi Corporation

Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties

The Company's operating segment information at and for the years ended March 31, 2011, 2012 and 2013 was as follows

2011	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
	Millions of Yen									
Revenues	¥90,051	¥1,248,912	¥834,812	¥662,899	¥803,702	¥1,525,834	¥5,166,210	¥51,288	¥(10,625)	¥5,206,873
Gross profit	44,546	43,798	326,281	167,179	84,180	456,783	1,122,767	37,760	(10,625)	1,149,902
Equity in earnings of Affiliated companies and other	8,892	55,720	41,880	18,554	14,688	23,308	163,042	6,370	(2,410)	167,002
Net income (loss) attributable to Mitsubishi Corporation	11,062	94,007	231,468	59,077	29,117	46,260	470,991	(11,374)	4,926	464,543
Segment assets	789,062	1,279,639	3,030,266	1,571,527	708,598	2,183,855	9,562,947	2,568,927	(859,099)	11,272,775
Investments in Affiliated companies	132,400	194,843	244,398	157,952	105,098	337,389	1,172,080	107,805	1,553	1,281,438
Depreciation and amortization	19,413	18,732	37 681	18,826	3,651	28,273	126,576	17,243		143,819
Capital expenditures for long-lived assets	41,701	38,418	68,086	22,545	4,483	25,839	201,072	9,203		210,275
Operating transactions										
External customers	¥147,639	¥3 860,109	¥4,407,057	¥2,377,558	¥2,019,272	¥5,306,156	¥18,117 791	¥1,242,162	¥(126,510)	¥19,233,443
Intersegment	21,617	14,047	1,760	5,065	8,096	7,451	58,036	28,551	(86,587)	
Total	¥169,256	¥3,874,156	¥4,408,817	¥2,382,623	¥2,027,368	¥5,313,607	¥18,175,827	¥1,270,713	¥(213,097)	¥19,233,443

2012	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
	Millions of Yen									
Revenues	¥94,621	¥1,406,407	¥856,356	¥567,184	¥1,009,410	¥1,571,720	¥5,505,698	¥62,025	¥(1,891)	¥5,565,832
Gross profit	45,400	61,828	267,553	161,849	86,564	462,996	1,086,190	43,561	(1,891)	1,127,860
Equity in earnings of Affiliated companies and other	9,157	71,939	38,324	22,406	17,968	25,792	185,586	7,388	(556)	192,418
Net income (loss) attributable to Mitsubishi Corporation	14,216	120,639	170,636	49,763	37,085	56,642	448,981	3,557	(194)	452,344
Segment assets	864,500	1,594,140	3,571,003	1,655,475	806,218	2,383,577	10,874,913	2,720 506	(1,007,099)	12,588,320
Investments in Affiliated companies	146,533	334,281	775 162	155,903	106,725	346,172	1,864,776	115 604	7,856	1,988,236
Depreciation and amortization	20,405	15,991	41 357	18,392	4,346	28,801	129,292	16,136		145,428
Capital expenditures for long-lived assets	104,531	41,763	143,919	39,221	5,298	25,478	360,210	26,106		386,316
Operating transactions										
External customers	¥170,982	¥4,554,997	¥4,396,774	¥2,293,857	¥2,207,119	¥5,442,466	¥19,066,195	¥1,062,829	¥(2,703)	¥20,126,321
Intersegment	19,647	9,473	2,779	14,659	11,468	8,223	66,249	36,366	(102,615)	
Total	¥190,629	¥4 564,470	¥4,399,553	¥2,308,516	¥2,218,587	¥5,450,689	¥19,132,444	¥1,099,195	¥(105,318)	¥20,126,321

2013	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
	Millions of Yen									
Revenues	¥172,086	¥1,540,908	¥690,903	¥847,141	¥1,136,137	¥1,528,200	¥5,915,375	¥55,679	¥(2,280)	¥5,968,774
Gross profit	56,006	52,811	133,602	194,583	92,109	464,865	993,976	37,962	(2,281)	1,029,657
Interest expense	(9,667)	(9 809)	(21,421)	(25,705)	(5,187)	(11,449)	(83,238)	22,100	17,907	(43,231)
Interest income	3,249	2,749	4,848	22,063	293	1,077	34,279	20,602	(17,640)	37,241
Income taxes	(10 984)	(22,492)	(13,056)	(20,838)	(7,620)	(33,872)	(108 862)	1,548	(6,172)	(113,486)
Equity in earnings of Affiliated companies and other	16,512	72,195	18,537	20,213	13,724	22,788	163,969	(75)	380	164,274
Net income (loss) attributable to Mitsubishi Corporation	24,963	142,376	36,910	61,895	22,627	67,537	356,308	7,627	(3,907)	360,028
Segment assets	1,027,218	1,909,013	4,145 036	1,972,989	916,614	2,612,950	12 583,820	3,351,739	(1,524,894)	14,410,665
Investments in Affiliated companies	184,072	577,235	796,286	197,336	118,534	351,893	2,225,356	196,507	3,498	2,425,361
Depreciation and amortization	20,440	15,070	48,949	19,611	6,295	32,270	142,635	14,770		157,405
Capital expenditures for long-lived assets	136,631	44,714	224,060	92,575	5,776	36,419	540,175	11 007		551,182
Operating transactions										
External customers	¥214,894	¥4 955,765	¥4,003,543	¥2,473,363	¥2,380,238	¥5,555,728	¥19 583,531	¥625,126	¥(1,474)	¥20,207,183
Intersegment	19,406	8,359	3,860	6,157	16,634	8,432	62,848	40,561	(103,409)	
Total	¥234 300	¥4,964,124	¥4,007,403	¥2,479,520	¥2,396,872	¥5,564,160	¥19,646,379	¥665,687	¥(104 883)	¥20,207,183

2013	Industrial Finance, Logistics & Development	Energy Business	Metals	Machinery	Chemicals	Living Essentials	Total	Other	Adjustments and Eliminations	Consolidated
	Millions of U S Dollars									
Revenues	$1,831	$16,393	$7,350	$9,012	$12,087	$16,257	$62,930	$592	$(24)	$63,498
Gross profit	596	562	1,421	2,070	980	4,945	10,574	404	(24)	10,954
Interest expense	(103)	(104)	(228)	(273)	(55)	(122)	(885)	235	190	(460)
Interest income	35	29	52	235	3	11	365	219	(188)	396
Income taxes	(117)	(239)	(139)	(222)	(81)	(360)	(1 158)	16	(65)	(1,207)
Equity in earnings of Affiliated companies and other	176	768	197	215	146	242	1,744	(1)	5	1 748
Net income (loss) attributable to Mitsubishi Corporation	266	1,515	393	658	241	718	3,791	81	(42)	3,830
Segment assets	10,928	20,309	44 096	20,989	9,751	27,797	133,870	35,657	(16,222)	153,305
Investments in Affiliated companies	1,958	6 141	8,471	2,099	1,261	3,744	23 674	2 091	37	25,802
Depreciation and amortization	217	160	521	209	67	343	1 517	158		1,675
Capital expenditures for long-lived assets	1 454	476	2,384	985	61	387	5,747	117		5,864
Operating transactions										
External customers	$2,286	$52,721	$42,591	$26,312	$25,322	$59,103	$208,335	$6,650	$(15)	$214,970
Intersegment	206	89	41	66	177	90	669	432	(1,101)	
Total	$2,492	$52,810	$42,632	$26,378	$25,499	$59,193	$209,004	$7,082	$(1,116)	$214,970

*1 Operating transactions, as presented above, are voluntary disclosures solely for the convenience of investors in Japan Operating transactions represent the gross transaction volume or the aggregate nominal value of the sales contracts in which the companies act as principal and transactions in which the companies serve as agent

*2 "Other" represents the corporate departments which primarily provide services and operational supports 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

*3 "Adjustments and Eliminations" include certain income and expense items that are not allocated to reportable operating segments and intersegment eliminations

*4 Effective April 1,2012, the Company transferred parts of the business of the "Industrial Finance, Logistics & Development" and "Machinery" to "Other" The consolidated financial position and the results of operations of related reportable operating segments for the years ended March 31, 2011 and 2012 have been reclassified accordingly

*5 From the year ended March 31, 2013, "Interest expense", "Interest income" and "Income taxes" are disclosed "Interest expense" allocated to each reportable operating segment includes intercompany interest expenses charged from the corporate departments in accordance with internal regulations, while "Interest expense" in "Other" represents interest income received from each reportable operating segment "Income taxes" allocated to each reportable operating segment includes both current taxes and deferred taxes attributable to each segment, while "Income taxes" in "Adjustments and Eliminations" represents current taxes and deferred taxes which are not attributable to each segment

*6 For the year ended March 31, 2011, the amount of "Net income (loss) attributable to Mitsubishi Corporation" includes gains on a share exchange held by "Metals" of ¥36,619 million (before tax) For the year ended March 31, 2012, the amount of "Net income (loss) attributable to Mitsubishi Corporation" on "Metals" line includes gains of ¥12,542 million (before tax) on remeasurement at fair value of the previously held equity interests in Crosslands Resources Ltd and Oakajee Port and Rail which were wholly owned by the Company as a result of acquiring additional interests in them

Geographic Information

Revenues, gross profit, long-lived assets and operating transactions at and for the years ended March 31, 2011, 2012 and 2013 were as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Revenues				
Japan	¥3,812,066	¥4,229,907	¥4,463,439	$47,483
Thailand	380,969	295,829	560,978	5,968
Australia	493,399	494,353	377,862	4,020
Other	520,439	545,743	566,495	6,027
Total	¥5,206,873	¥5,565,832	¥5,968,774	$63,498
Gross profit				
Japan	¥735,109	¥767,423	¥772,561	$8,219
Thailand	53,278	45,031	72,368	770
United Kingdom	42,753	47,631	59,118	629
Other	318,762	267,775	125,610	1,336
Total	¥1,149,902	¥1,127,860	¥1,029,657	$10,954
Long-lived assets				
Australia	¥494,690	¥648,475	¥953,037	$10,139
Japan	703,255	674,152	692,428	7,366
Canada	75,547	85,511	110,887	1,180
U S A	80,350	83,138	100,160	1,066
Other	312,570	389,634	585,979	6,233
Total	¥1,666,412	¥1,880,910	¥2,442,491	$25,984
Operating transactions				
Japan	¥15,667,224	¥16,400,378	16,134,926	$171,648
U S A	886,257	951,260	1,084,460	11,537
Thailand	634,555	541,892	922,238	9,811
Other	2,045,407	2,232,791	2,065,559	21,974
Total	¥19,233,443	¥20,126,321	¥20,207,183	$214,970

*1 Revenues, gross profit and operating transactions are attributed to geographic areas based on the location of the assets producing such revenues, gross profit and operating transactions

*2 "Operating transactions" is a voluntary disclosure commonly made by Japanese trading companies, and is not meant to represent sales or revenues in accordance with U S GAAP See Note 1

Neither the Company nor any of its segments depended on any single customer, small group of customers, or government for more than 10% of the Company's revenues for the years ended March 31, 2011, 2012 and 2013, respectively

22 OTHER INCOME—NET

"Other income—net" for the years ended March 31, 2011, 2012 and 2013 consisted of the following

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Net foreign exchange gains	¥(45,205)	¥(42,877)	¥(1,961)	$(21)
Insurance recovery gains	(531)	(4,099)	(24,748)	(263)
Bargain purchase gains from the acquisition (Note 4)		(5,909)	(21,479)	(229)
Impairment loss of goodwill (Note 10)	891	870		
Miscellaneous	(4,335)	(8,654)	(6,844)	(72)
Total	¥(49,180)	¥(60,669)	¥(55,032)	$(585)

23 LEASES

Lessor

The Company leases, as lessor, vehicles, vessels and other industrial machinery and equipment under arrangements which are classified as direct financing leases

Current portion, included in "Accounts receivable—trade" and "Loans and other receivables" and noncurrent portion, included in "Noncurrent notes, loans and accounts receivable—trade" of net investments in direct financing leases at March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Total minimum lease payments to be received	¥479,605	¥606,436	$6,451
Estimated unguaranteed residual value of leased assets	1,402	528	6
Less—unearned income	(87,885)	(99,465)	(1,058)
Investment in direct financing leases	393,122	507,499	5,399
Less—allowance for doubtful receivables	(6,152)	(11,071)	(118)
Net investment in direct financing leases	¥386,970	¥496,428	$5,281

The Company also leases, as lessor, aircraft, vessels and other industrial assets under operating leases

The following provides the Company's investment in property on operating leases and property held for lease by classes at March 31, 2013

	Millions of Yen			Millions of U S Dollars		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	¥79,182		¥79,182	$842		$842
Buildings	59,183	¥(33,595)	25,588	630	$(358)	272
Machinery and equipment	100,952	(56,966)	43,986	1,074	(606)	468
Aircraft	410,569	(106,089)	304,480	4,368	(1,129)	3,239
Vessels and vehicles	174,631	(74,376)	100,255	1,857	(790)	1,067
Total	¥824,517	¥(271,026)	¥553,491	$8,771	$(2,883)	$5,888

Future minimum lease payments to be received as of March 31, 2013 are as follows

	Millions of Yen			Millions of U S Dollars
	Direct Financing Leases	Noncancelable Operating Leases	Total	Total
Years Ending March 31				
2014	¥176,100	¥64,586	¥240,686	$2,560
2015	134,076	50,027	184,103	1,959
2016	85,976	41,912	127,888	1,361
2017	58,565	35,052	93,617	996
2018	30,850	28,853	59,703	635
2019 and thereafter	120,869	99,795	220,664	2,347
Total	¥606,436	¥320,225	¥926,661	$9,858

This amount does not include contingent rentals that may be received under certain lease contracts

Contingent rentals for the years ended March 31, 2011, 2012 and 2013 were ¥45 million, ¥57 million and ¥19 million ($0 2 million), respectively

Lessee

The Company leases, as lessee, machinery and equipment, real estate and others under capital leases Certain of these leases have renewal and purchase options

Current portion of obligations under capital leases is included in "Other current liabilities" and noncurrent portion of obligations under capital leases is included in "Other noncurrent liabilities" on the Consolidated Balance Sheets

The following provides the Company's leased assets recorded under capital leases as of March 31, 2012 and 2013

	Millions of Yen		
2012	Cost	Accumulated Depreciation	Net
Buildings	¥11,025	¥(6,185)	¥4,840
Machinery and equipment	42,261	(22,330)	19,931
Vessels and vehicles	4,365	(2,457)	1,908
Total	¥57,651	¥(30,972)	¥26,679

	Millions of Yen			Millions of U S Dollars		
2013	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Buildings	¥11,487	¥(6,913)	¥4,574	$122	$(73)	$49
Machinery and equipment	44,225	(22,017)	22,208	471	(235)	236
Vessels and vehicles	3,960	(1,930)	2,030	42	(20)	22
Total	¥59,672	¥(30,860)	¥28,812	$635	$(328)	$307

Future minimum lease payments under capital leases together with components of the present value of the net minimum lease payments as of March 31, 2013 are as follows

Years Ending March 31	Millions of Yen	Millions of U S Dollars
2014	¥13,266	$141
2015	11,496	122
2016	8,498	90
2017	6,377	68
2018	4,605	49
2019 and thereafter	15,285	163
Total minimum lease payments	59,527	633
Less amount representing interest	(3,721)	(39)
Present value of net minimum lease payments	55,806	594
Current capital lease obligations	13,219	141
Long-term capital lease obligations	¥42,587	$453

Minimum payments have not been reduced by minimum sublease revenues of ¥25,456 million ($271 million) due in the future under subleases

The Company leases, as lessee, office space and certain other assets under operating leases Certain of these leases have renewal and purchase options

Total rental expenses under operating leases for the years ended March 31, 2011, 2012 and 2013 were ¥56,554 million, ¥67,543 million and ¥83,764 million ($891 million), respectively Sublease rental income for the years ended March 31, 2011, 2012 and 2013 were ¥6,608 million, ¥11,702 million and ¥22,673 million ($241 million), respectively

Future minimum lease payments under noncancelable leases as of March 31, 2013 are as follows

Years Ending March 31	Millions of Yen	Millions of U S Dollars
2014	¥53,111	$565
2015	33,421	356
2016	29,794	317
2017	26,504	282
2018	22,307	237
2019 and thereafter	73,532	782
Total	¥238,669	$2,539

Minimum payments have not been reduced by minimum sublease rentals of ¥30,945 million ($329 million) due in the future under noncancelable subleases

24. STOCK-BASED COMPENSATION

The Parent had two types of stock option plans, stock option Class A and Class B, for certain directors and executive officers, however, the Parent resolved to unify the plans at the Board of Directors' meeting held on July 20, 2007.

The stock option plans resolved by the Board of Directors' meetings held in and before June 2007

Under the Class A plan, the right to purchase the shares of the Parent is granted at an exercise price determined based on the greater of the quoted price of the shares on the Tokyo Stock Exchange on the grant date or the average quoted price for a month prior to the grant date. The stock options are vested and immediately exercisable after 23 months from the grant date, and exercisable periods are 8 years from the vested day.

Under the Class B plan, the right to purchase the shares of the Parent is granted at an exercise price of ¥1 per share. The contractual term of the Class B stock option is 30 years. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as both director and executive officer of the Parent. Notwithstanding the above, if the stock option holders do not leave their position as both director and executive officer of the Parent, they may exercise their right from the day after 25 years from the grant date. If they leave their position before June 30 of the next year after the grant date, the exercisable number is determined based on the tenure period from the grant date.

The stock option plans resolved by the Board of Directors' meetings held in and after July 2007

Under the unified plan, the right to purchase the shares of the Parent is granted at an exercise price of ¥1 per share. The contractual term of the stock option is 30 years. The stock options are vested and exercisable from the earlier of either the day after 23 months from the grant date or the day after leaving their position as both director and executive officer of the Parent. The stock option holders may exercise their stock acquisition right during the 10-year period starting on the day after leaving their position as both director and executive officer of the Parent. If they leave their position before June 30 of the next year after the grant date, the exercisable number is determined based on the tenure period from the grant date.

The total stock-based compensation cost recognized for the years ended March 31, 2011, 2012 and 2013 was ¥1,240 million, ¥1,256 million and ¥1,006 million ($11 million), respectively. The total tax benefit recognized related thereto for the years ended March 31, 2011, 2012 and 2013 was ¥508 million, ¥452 million and ¥362 million ($4 million), respectively. The tax benefit realized from stock options exercised for the years ended March 31, 2011, 2012 and 2013 was ¥102 million, ¥471 million and ¥356 million ($4 million), respectively. No stock-based compensation cost was capitalized for the years ended March 31, 2011, 2012 and 2013.

The weighted-average fair value of options granted under the Parent's stock option plan for the years ended March 31, 2011, 2012 and 2013 was ¥1,600, ¥1,569 and ¥1,042 ($11.09) per share, respectively.

The fair value of these stock options is estimated using the Black-Scholes option pricing model with the assumptions noted in the following table. The risk-free interest rate is based on the yield of government bonds in effect at the grant date having a remaining life equal to the option's expected life. Expected volatilities are based on the historical volatility of the Parent's stock for the period equal to the option's expected life from the grant date. The expected dividend yield is based on the actual dividends made in the preceding year. Expected life represents the period of time that the options granted are expected to be outstanding.

	2011	2012	2013
Risk-free interest rate	0.71%–0.85%	0.76%–0.86%	0.67%–0.72%
Expected volatility	40.88%–40.99%	40.49%–40.68%	39.21%–39.60%
Expected dividend yield	2.02%–2.04%	3.16%–3.33%	4.21%–4.39%
Expected life	8 years	8 years	9–9.25 years

The following table summarizes information about stock option activities for the years ended March 31, 2011, 2012 and 2013.

	2011		2012		2013		
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	
Years Ended March 31		Yen		Yen		Yen	U.S. Dollars
Outstanding at beginning of the fiscal year	6,079,000	¥1,041	6,160,900	¥947	5,609,100	¥881	$9.4
Granted	665,400	1	796,100	1	970,000	1	
Canceled or expired	(2,100)	1	(400)	1	(8,400)	1	
Exercised	(581,400)	847	(1,347,500)	666	(917,300)	472	5.0
Outstanding at end of the fiscal year	6,160,900	947	5,609,100	881	5,653,400	797	8.5
Exercisable at end of the fiscal year	4,113,900	1,418	4,319,000	1,144	4,165,400	1,082	11.5

The following table summarizes information for options outstanding and exercisable at March 31, 2013

	Exercise Price Range	Number of Shares	Weighted Average Remaining Life	Aggregate Intrinsic Value	
	Yen		Years	Millions of Yen	Millions of U S Dollars
Outstanding	¥1–2,435	5,653,400	14 8	¥5,348	$57
Exercisable	¥1–2,435	4,165,400	10 0	2,753	29

The total intrinsic value of options exercised during the years ended March 31, 2011, 2012 and 2013 was ¥730 million, ¥1,582 million and ¥1,059 million ($11 million), respectively As of March 31, 2013, the total unrecognized compensation cost related to nonvested stock options granted under the plans was ¥223 million ($2 million), which is expected to be recognized over a weighted-average period of 0 3 years

25 VARIABLE INTEREST ENTITIES

The Company evaluates its involvement with VIEs to determine whether the Company has variable interests in VIEs If the Company is determined to have variable interests in a VIE, the Company evaluates its power to direct the activities of the VIE that most significantly impact the economic performance and the obligation to absorb losses of or the right to receive benefits from the VIE that could potentially be significant to the VIE to determine whether the Company is the primary beneficiary

For VIEs that meet certain criteria, the Company is determined to be the primary beneficiary if the Company absorbs a majority of the VIE's expected losses or receives a majority of the VIE's expected residual returns

The following is the information regarding the VIEs that are consolidated and not consolidated by the Company

Consolidated VIEs

The Company utilizes VIEs primarily in the real estate development business The Company purchases real estate or beneficial interests in real estate with the intention to resell after enhancing its value by developing real estate properties These VIEs are financed mainly by borrowings The Company utilizes these VIEs to obtain nonrecourse loans from third parties to limit the Company's risks on activities related to the real estate development and real estate investment trusts businesses

The following table summarizes total assets of the VIEs and carrying amount of the VIEs' total assets and liabilities on the Consolidated Balance Sheets as of March 31, 2012 and 2013

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Total assets of the VIEs	¥195,452	¥149,334	$1,589
Carrying amount of the VIEs' total assets on the Consolidated Balance Sheets	194,080	149,333	1,589
Carrying amount of the VIEs' total liabilities on the Consolidated Balance Sheets	73,018	60,969	649

Carrying amount of the VIEs' total assets on the Consolidated Balance Sheets consisted primarily of property and equipment and joint investments in real estates that could be used only to settle long-term debt of the consolidated VIEs Carrying amount of the VIEs' total liabilities on the Consolidated Balance Sheets consisted primarily of long-term debt, including current maturities for which creditors or beneficial interest holders do not have recourse of the general credit of the Company

A portion of the assets are pledged as collateral for the long-term debt of these VIEs The carrying amount was ¥112,884 million and ¥85,061 million ($905 million) as of March 31, 2012 and 2013, respectively, and was primarily classified as property and equipment and joint investments in real estates in the Consolidated Balance Sheets

Several consolidated VIEs of the Company as of March 31, 2012 were no longer consolidated as of March 31, 2013 due to the Company's disposition of interests in the VIEs and the liquidation of the VIEs The effect on the consolidated financial statements for the year ended March 31, 2013 was not material

Nonconsolidated VIEs

The Company has variable interests in VIEs involved in various businesses in the form of equity investments, guarantees and loans for which the Company is not the primary beneficiary These VIEs are financed mainly by borrowings Most of the VIEs are entities established to conduct real-estate-related business, shipping-related business, or project financing in the infrastructure business

The following table summarizes total assets of the VIEs, carrying amounts of assets and liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs, and the Company's maximum exposures to losses as a result of the Company's involvement in these VIEs as of March 31, 2012 and 2013 Total assets of the VIEs represent the latest information available to the Company

	Millions of Yen				
March 31, 2012	Real Estate	Shipping	Infrastructure	Other	Total
Total assets of the VIEs	¥247,002	¥280,683	¥187,688	¥157,865	¥873,238
Carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs	20,176	40,029	14,158	17,883	92,246
Carrying amounts of liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs	259	2,385	947	1,455	5,046
Maximum exposures to losses	24,944	73,825	14,158	20,634	133,561

	Millions of Yen				
March 31, 2013	Real Estate	Shipping	Infrastructure	Other	Total
Total assets of the VIEs	¥444,569	¥353,699	¥228,357	¥164,171	¥1,190,796
Carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs	51,738	60,845	20,541	17,225	150,349
Carrying amounts of liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs	166	1,267	559	1	1,993
Maximum exposures to losses	58,232	116,084	30,838	17,423	222,577

	Millions of U S Dollars				
March 31, 2013	Real Estate	Shipping	Infrastructure	Other	Total
Total assets of the VIEs	$4,729	$3,763	$2,429	$1,747	$12,668
Carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs	550	647	219	183	1,599
Carrying amounts of liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs	2	13	6		21
Maximum exposures to losses	620	1,235	328	185	2,368

Carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs consisted primarily of investments in and advances to Affiliated companies, noncurrent notes, loans and accounts receivable—trade, loans and other receivables Carrying amounts of liabilities in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs consisted primarily of deferred income taxes and payables to Affiliated companies There is a difference between carrying amounts of assets in the Company's Consolidated Balance Sheets of financial position that relate to the Company's variable interests in the VIEs and maximum exposures to losses, as the Company's maximum exposures to losses include credit guarantees on these VIEs Maximum exposures to losses do not represent anticipated losses generally to incur from the Company's involvement with the VIEs, and are considered to exceed the anticipated losses considerably

26 COMMITMENTS AND CONTINGENCIES

Long-term Commitments

The Company, in the normal course of trading operations, enters into substantial long-term purchase commitments for various commodities, principally metals, chemical, LNG and crude oil products at fixed prices or basis prices adjustable to market Such purchase commitments are, in most instances, matched with counterparty sales contracts At March 31, 2013, the outstanding long-term purchase commitments amounted to ¥4,278,874 million ($45,520 million) for which deliveries are scheduled for various dates through 2042

Purchases made under unconditional purchase obligations for the years ended March 31, 2011, 2012 and 2013 were ¥868,762 million, ¥996,915 million and ¥1,023,898 million ($10,893 million), respectively

The Company also had long-term financing commitments aggregating ¥22,582 million ($240 million) at March 31, 2013 for loans, investments in equity capital and financing on a deferred-payment basis for the cost of equipment to be purchased by customers

Guarantees

The Company is a party to various agreements under which it has undertaken obligations resulting from the issuance of certain guarantees The guarantees have been issued for the Affiliated companies, customers and suppliers of the Company

Credit Guarantees

The Company provided credit guarantees for certain customers and suppliers, and for the Affiliated companies, in the form of standby letters of credit and performance guarantees

The outstanding amount and the maximum potential amount of future payments under these credit guarantees as of March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Guarantees for customers and suppliers			
Outstanding amount	¥258,084	¥301,541	$3,208
Maximum potential amount of future payments	317,099	381,778	4,061
Guarantees for the Affiliated companies			
Outstanding amount	107,445	422,747	4,497
Maximum potential amount of future payments	170,535	627,146	6,672

These credit guarantees enable the Company's customers, suppliers and the Affiliated companies to execute transactions or obtain desired financing arrangements with third parties Most of these guarantees outstanding at March 31, 2013 will expire within ten years, with certain credit guarantees expiring by the end of 2038 Should the customers, suppliers and the Affiliated companies fail to perform under the terms of the transaction or financing arrangement, the Company would be required to perform on their behalf

The Company has set internal ratings based on various information, such as the guaranteed party's financial statements, and manages risks of credit guarantees by establishing limits on guarantees for each guaranteed party based on these internal ratings and requires collateral or reassurance as necessary

At March 31, 2012 and 2013, the amount of possible recoveries under recourse provisions from third parties or from collateral pledged was ¥16,697 million and ¥165,625 million ($1,762 million), respectively

The liabilities for these credit guarantees were ¥1,571 million and ¥2,286 million ($24 million) at March 31, 2012 and 2013, respectively

As of March 31, 2013, there were no credit guarantees with a high probability of a significant loss due to enforcement of the guarantee

LNG project in Russia

The Company, along with other shareholders, provided an agreement to indemnify the financing party from any loss that might be incurred due to the failure of the investee (10% owned by the Company) to register the title of the properties associated with this LNG project to obtain $6,700 million financing for the project

The amount of maximum future payment under this indemnification is not included in the amount of the credit guarantee described above because it cannot be estimated due to the nature of the indemnification No provisions have been recorded for the indemnification as the Company's obligation under the indemnification is not probable and estimable

The investee repays $6,700 million financing based on the schedule under the loan agreement

LNG project in Australia

An Affiliated company of the Parent acquired participating interest in a project to develop LNG in Australia (the "Project") The Affiliated company has obtained a $1,927 million (¥181 billion) line-of-credit from a bank to secure funding for the acquisition of the participating interest and for the future development of the Project The Parent, along with another participant to the Project, provides a credit guarantee to the bank on the line-of-credit The maximum potential amount of future payments of the Parent resulting from the default on the line-of-credit is $1,533 million (¥144 billion), and is included in "Guarantees for the Affiliated companies – Maximum potential amount of future payments" line item on the table above As of March 31, 2013, the portion of the Affiliated company's draw-down against the line-of-credit that the Parent is responsible for amounted to $300 million (¥28 billion) The amount is reflected in "Guarantees for the Affiliated companies – Outstanding amount" line item in the table above

In addition, the Parent, along with other participants to the Project, provide a performance guarantee to the seller of the participating interest in the Project The performance guarantee is a joint guarantee of the payments for the participating interest in this Project and for the future funding commitment in accordance with the joint venture agreement The obligation from this performance guarantee is considered to arise at the execution of project agreements and the total guarantee as of March 31, 2013 is $2,764 million (¥260 billion) The amounts are included in both "Guarantees for the Affiliated companies – Maximum potential amount of future payments" and "Guarantees for the Affiliated companies – Outstanding amount" line items in the table above

The performance guarantee obligation encompasses future planned payments, which will be funded, in part, by the line of credit Within the line item "Guarantees for the Affiliated companies – Maximum potential amount of future payments", the amounts related to the performance guarantee will be reduced to the extent that the Affiliated company makes cash call payments for participating interest and development funding, while the amount relating to the maximum potential amount of future payments of credit guarantee will remain the same In this case, within the line item "Guarantees for the Affiliated companies - Outstanding amount", the amount relating to this performance guarantee will be reduced as cash call payments are made, while the amount relating to the credit guarantee will increase

Indemnification

In the context of certain sales or divestitures of business, the Company occasionally commits to indemnify contingent losses, such as environmental losses, or the imposition of additional taxes Due to the nature of the indemnifications, the Company's maximum exposure under these arrangements cannot be estimated No provisions have been recorded for such indemnifications as the Company's obligations under them are not probable and estimable, except for certain cases which already have been claimed

Product Warranties

Certain subsidiaries accrue estimated product warranty cost, in relation to their sales of products, to provide for warranty claims

The changes in the accrued product warranty cost for the years ended March 31, 2012 and 2013 were as follows

	Millions of Yen		Millions of U S Dollars
	2012	2013	2013
Balance at beginning of year	¥2,600	¥1,978	$21
Accrued cost	782	1,268	14
Payments	(550)	(787)	(8)
Other*	(854)	414	4
Balance at end of year	¥1,978	¥2,873	$31

* "Other" principally includes the effect of changes in foreign currency exchange rates and the effect of divestiture of certain subsidiaries

Litigation

The Company is a party to litigation arising in the ordinary course of business In the opinion of management, the liability of the Company, if any, when ultimately determined from the progress of the litigation, will not have a materially adverse effect on the consolidated operating results or consolidated financial position of the Company

27 SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental information related to the Consolidated Statements of Cash Flows is as follows

	Millions of Yen			Millions of U S Dollars
	2011	2012	2013	2013
Cash paid during the year for				
Interest, less amounts capitalized	¥41,109	¥40,894	¥41,766	$444
Income taxes	139,507	178,790	80,213	853
Noncash investing and financing activities				
Exchange of shares in connection with business combinations and reorganizations involving investees (Note 5)				
Fair market value of shares received	45,909		2,513	27
Cost of shares surrendered	10,465		3,000	32
Acquisition of businesses (Note 4)				
Fair value of assets acquired (including goodwill)	39,556	176,602	132,690	1,412
Fair value of liabilities assumed	4,008	70,569	79,902	850
Noncontrolling interest in acquirees		5,024	10,461	111
Acquisition-date carrying amount of previously held equity Interests		20,713	7,222	77
Gain on remeasuring the previously held equity interests to fair value—net and gain on bargain purchase		23,220	22,666	242
Acquisitions of businesses, net of cash acquired	35,548	57,076	12,439	132
Assets by entering into capital leases			3,947	42
Assets transferred to direct finance leases	10,127	5,116		
Issuance of common stock upon conversion of convertible bonds		905		

28 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 21, 2013

Dividends

At the general shareholders' meeting held on June 21, 2013, the Parent was authorized to pay a cash dividend of ¥30 ($0 32) per share, or a total of ¥49,420 million ($526 million) to shareholders of record on March 31, 2013

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

The Company's oil and gas exploration, development and production activities are conducted through subsidiaries and Affiliated companies in offshore and onshore areas of the Pacific Rim, America, Africa and Europe The tables below present supplementary information on these activities

In the following tables, natural gas producing activities include liquefied natural gas ("LNG") producing activities

Table 1 Capitalized Costs Relating to Oil and Gas Producing Activities

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
March 31, 2011	Total	North America	Australia	Indonesia	Total
Proved oil and gas properties	¥131,552		¥190,294	¥121,892	¥312,186
Unproved oil and gas properties	43,722			34,586	34,586
Subtotal	175,274		190,294	156,478	346,772
Accumulated depreciation, depletion, amortization and valuation allowances	(49,247)		(96,203)	(32,384)	(128,587)
Net capitalized costs	¥126,027		¥94,091	¥124,094	¥218,185

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
March 31, 2012	Total	North America	Australia	Indonesia	Total
Proved oil and gas properties	¥121,177	¥34,053	¥188,939	¥122,712	¥345,704
Unproved oil and gas properties	43,393	84,124		33,778	117,902
Subtotal	164,570	118,177	188,939	156,490	463,606
Accumulated depreciation, depletion, amortization and valuation allowances	(36,131)		(95,181)	(37,132)	(132,313)
Net capitalized costs	¥128,439	¥118,177	¥93,758	¥119,358	¥331,293

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
March 31, 2013	Total	North America	Australia	Indonesia	Total
Proved oil and gas properties	¥148,675	¥58,408	¥244,298	¥151,329	¥454,035
Unproved oil and gas properties	71,057	109,139	113,722	36,470	259,331
Subtotal	219,732	167,547	358,020	187,799	713,366
Accumulated depreciation, depletion, amortization and valuation allowances	(48,821)	(3,057)	(119,141)	(52,015)	(174,213)
Net capitalized costs	¥170,911	¥164,490	¥238,879	¥135,784	¥539,153

	Millions of U S Dollars				
	Consolidated Companies	Affiliated Companies			
March 31, 2013	Total	North America	Australia	Indonesia	Total
Proved oil and gas properties	$1,582	$622	$2,599	$1,610	$4,831
Unproved oil and gas properties	756	1,161	1,210	388	2,759
Subtotal	2,338	1,783	3,809	1,998	7,590
Accumulated depreciation, depletion, amortization and valuation allowances	(520)	(33)	(1,268)	(553)	(1,854)
Net capitalized costs	$1,818	$1,750	$2,541	$1,445	$5,736

Table 2 Costs Incurred in Oil and Gas Property Acquisition, Exploration and Development Activities

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2011	Total	North America	Australia	Indonesia	Total
Acquisition of proved properties	¥26,792				
Acquisition of unproved properties	11,986				
Exploration costs	5,666		¥6	¥640	¥646
Development costs	9,189		8,950	5,175	14,125
Total costs incurred	¥53,633		¥8,956	¥5,815	¥14,771

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2012	Total	North America	Australia	Indonesia	Total
Acquisition of proved properties		¥36,091			¥36,091
Acquisition of unproved properties	¥14,319	82,058			82,058
Exploration costs	4,960	7,098	¥693	¥559	8,350
Development costs	8,142		10,114	7,887	18,001
Total costs incurred	¥27,421	¥125,247	¥10,807	¥8,446	¥144,500

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2013	Total	North America	Australia	Indonesia	Total
Acquisition of proved properties			¥17,466	¥707	¥18,173
Acquisition of unproved properties	¥7,051		101,988	746	102,734
Exploration costs	27,606	¥18,998	3,432	447	22,877
Development costs	24,104	10,886	13,579	12,843	37,308
Total costs incurred	¥58,761	¥29,884	¥136,465	¥14,743	¥181,092

	Millions of U S Dollars				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2013	Total	North America	Australia	Indonesia	Total
Acquisition of proved properties			$186	$7	$193
Acquisition of unproved properties	$75		1,085	8	1,093
Exploration costs	294	$202	37	5	244
Development costs	256	116	144	137	397
Total costs incurred	$625	$318	$1,452	$157	$1,927

Table 3 Results of Operations for Producing Activities

Year Ended March 31, 2011	Consolidated Companies Total	Affiliated Companies North America	Australia	Indonesia	Total
	Millions of Yen				
Revenues					
Sales to external customers	¥27,451		¥88,332	¥14,135	¥102,467
Intersegment sales	11,284			5,806	5,806
Expenses					
Production costs	16,739		21,983	8,886	30,869
Exploration costs	5,416		85	434	519
Depreciation, depletion, amortization and valuation allowances	17,067		8,378	5,580	13,958
Income tax expense	1,241		17,336	3,508	20,844
Results of operations from producing activities (excluding corporate overhead and interest costs)	¥(1,728)		¥40,550	¥1,532	¥42,082

Year Ended March 31, 2012	Consolidated Companies Total	Affiliated Companies North America	Australia	Indonesia	Total
	Millions of Yen				
Revenues					
Sales to external customers	¥35,417		¥91,656	¥25,317	¥116,973
Intersegment sales	10,727			6,401	6,401
Expenses					
Production costs	18,412		24,006	11,607	35,613
Exploration costs	3,074		1,039	549	1,588
Depreciation, depletion, amortization and valuation allowances	12,185		8,885	7,378	16,263
Income tax expense	4,610		17,455	3,906	21,361
Results of operations from producing activities (excluding corporate overhead and interest costs)	¥7,863		¥40,271	¥8,278	¥48,549

Year Ended March 31, 2013	Consolidated Companies Total	Affiliated Companies North America	Australia	Indonesia	Total
	Millions of Yen				
Revenues					
Sales to external customers	¥27,229	¥1,567	¥101,771	¥33,325	¥136,663
Intersegment sales	10,133			6,286	6,286
Expenses					
Production costs	14,333	738	26,835	12,724	40,297
Exploration costs	13,135		1,063	335	1,398
Depreciation, depletion, amortization and valuation allowances	9,367	2,804	11,408	7,934	22,146
Income tax expense	1,959		19,161	7,857	27,018
Results of operations from producing activities (excluding corporate overhead and interest costs)	¥(1,432)	¥(1,975)	¥43,304	¥10,761	¥52,090

Year Ended March 31, 2013	Consolidated Companies Total	Affiliated Companies North America	Australia	Indonesia	Total
Revenues					
Sales to external customers	$290	$17	$1,083	$354	$1,454
Intersegment sales	108			67	67
Expenses					
Production costs	153	8	286	135	429
Exploration costs	140		11	4	15
Depreciation, depletion, amortization and valuation allowances	99	30	121	84	235
Income tax expense	21		204	84	288
Results of operations from producing activities (excluding corporate overhead and interest costs)	$(15)	$(21)	$461	$114	$554

Millions of U S Dollars

Table 4 Reserve Quantity Information

Proved gas reserves are constrained to those volumes that are related to firm sales commitments The natural gas reserves at the end of each year are therefore only a fraction of the volume that is expected to be committed to sales over time and upon which the decision to proceed with development was based Amounts were calculated based on the average of the price as of the first day of each month during the fiscal year Reserves in the following tables include quantities related to production-sharing contracts ("PSC") Of the total reserve quantities of crude oil, condensate, natural gas liquids, and natural gas in barrels of oil equivalents, the PSC-related reserve quantities comprise 66 percent, 57 percent, and 69 percent of the total reserve quantities for the years ended March 31, 2011, 2012, and 2013 respectively

	Crude Oil, Condensate and Natural Gas Liquids (Millions of Barrels)				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2011	Total	North America	Australia	Indonesia	Total
Proved developed and undeveloped reserves					
Beginning of year	45		33	19	52
Revisions of previous estimates	13		2	1	3
Improved recovery				2	2
Purchases	4				
Sales				(1)	(1)
Production	(7)		(5)	(2)	(7)
End of year	55		30	19	49
Proved developed reserves—end of year	44		13	16	29

	Natural Gas (Billions of Cubic Feet)				
	Consolidated Companies	Affiliated Companies			
	Total	North America	Australia	Indonesia	Total
Proved developed and undeveloped reserves					
Beginning of year	54		690	1,256	1,946
Revisions of previous estimates	1		(12)	30	18
Improved recovery				28	28
Purchases	259				
Sales				(48)	(48)
Production	(7)		(59)	(39)	(98)
End of year	307		619	1,227	1,846
Proved developed reserves—end of year	33		255	986	1,241

	Crude Oil, Condensate and Natural Gas Liquids (Millions of Barrels)				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2012	Total	North America	Australia	Indonesia	Total
Proved developed and undeveloped reserves					
Beginning of year	55		30	19	49
Revisions of previous estimates	12		1	(1)	
Extensions and discoveries	1				
Purchases		1			1
Sales	(1)				
Production	(8)		(4)	(3)	(7)
End of year	59	1	27	15	43
Proved developed reserves—end of year	44		14	13	27

	Natural Gas (Billions of Cubic Feet)				
	Consolidated Companies	Affiliated Companies			
	Total	North America	Australia	Indonesia	Total
Proved developed and undeveloped reserves					
Beginning of year	307		619	1,227	1,846
Revisions of previous estimates	(12)		2	(3)	(1)
Improved recovery	9				
Purchases		380			380
Sales	(27)				
Production	(12)		(57)	(43)	(100)
End of year	265	380	564	1,181	2,125
Proved developed reserves—end of year	19		209	942	1,151

	Crude Oil, Condensate and Natural Gas Liquids (Millions of Barrels)				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2013	Total	North America	Australia	Indonesia	Total
Proved developed and undeveloped reserves					
Beginning of year	59	1	27	15	43
Revisions of previous estimates	10		1	6	7
Purchases			3	1	4
Production	(6)		(4)	(2)	(6)
End of year	63	1	27	20	48
Proved developed reserves—end of year	49		12	13	25

	Natural Gas (Billions of Cubic Feet)				
	Consolidated Companies	Affiliated Companies			
	Total	North America	Australia	Indonesia	Total
Proved developed and undeveloped reserves					
Beginning of year	265	380	564	1,181	2,125
Revisions of previous estimates		(270)		136	(134)
Extensions and discoveries	20				
Purchases			194		194
Production	(9)	(6)	(55)	(65)	(126)
End of year	276	104	703	1,252	2,059
Proved developed reserves—end of year	31	80	181	1,098	1,359

Table 5 Standardized Measure of Discounted Future Net Cash Flows and Changes therein Relating to Proved Oil and Gas Reserves

A standardized measure of discounted future net cash flows relating to the proved reserve quantities is based on prices and costs, currently enacted tax rates and a 10% annual discount factor Prices and costs were calculated based on the average of the price as of the first day of each month during the fiscal year The natural gas activities' standardized measure of discounted future net cash flows includes the full committed costs of development and operation for the asset under the integrated Production Sharing Agreement On the other hand, revenues are registered only in relation to the currently estimated proved reserves stated in Table 4 (Reserve Quantity Information)

The proved gas reserves are constrained to those volumes that are related to firm sales commitments The natural gas reserves at the end of each year are therefore only a fraction of the volume that is expected to be committed to sales over time and upon which the decision to proceed with development was based Estimates of proved reserve quantities may change over time as new sales commitments become available Consequently, the information provided here does not represent management's estimate of the Company's expected future cash flows or value of the proved reserves

(1) Standardized Measure of Discounted Future Net Cash Flows

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2011	Total	North America	Australia	Indonesia	Total
Future cash inflows	¥338,683		¥704,576	¥414,411	¥1,118,987
Future production costs	(105,358)		(180,322)	(103,968)	(284,290)
Future development costs	(57,729)		(76,064)	(41,410)	(117,474)
Future income taxes	(38,210)		(130,306)	(89,628)	(219,934)
Undiscounted future net cash flows	137,386		317,884	179,405	497,289
10% annual discount for estimated timing of cash flows	(61,115)		(126,287)	(70,944)	(197,231)
Standardized measure of discounted future net cash flows	¥76,271		¥191,597	¥108,461	¥300,058

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2012	Total	North America	Australia	Indonesia	Total
Future cash inflows	¥450,186	¥116,018	¥762,612	¥434,972	¥1,313,602
Future production costs	(125,312)	(48,425)	(197,524)	(100,532)	(346,481)
Future development costs	(74,067)	(49,521)	(98,953)	(36,691)	(185,165)
Future income taxes	(85,385)		(142,192)	(114,708)	(256,900)
Undiscounted future net cash flows	165,422	18,072	323,943	183,041	525,056
10% annual discount for estimated timing of cash flows	(58,256)	(21,421)	(118,385)	(59,428)	(199,234)
Standardized measure of discounted future net cash flows	¥107,166	¥(3,349)	¥205,558	¥123,613	¥325,822

	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2013	Total	North America	Australia	Indonesia	Total
Future cash inflows	¥521,815	¥22,737	¥1,117,674	¥1,078,135	¥2,218,546
Future production costs	(167,150)	(13,376)	(261,343)	(232,813)	(507,532)
Future development costs	(78,066)	(5,672)	(213,401)	(116,892)	(335,965)
Future income taxes	(98,982)		(195,960)	(272,631)	(468,591)
Undiscounted future net cash flows	177,617	3,689	446,970	455,799	906,458
10% annual discount for estimated timing of cash flows	(66,965)	(2,063)	(207,889)	(303,095)	(513,047)
Standardized measure of discounted future net cash flows	¥110,652	¥1,626	¥239,081	¥152,704	¥393,411

	Millions of U S Dollars				
	Consolidated Companies	Affiliated Companies			
Year Ended March 31, 2013	Total	North America	Australia	Indonesia	Total
Future cash inflows	$5,551	$242	$11,890	$11,470	$23,602
Future production costs	(1,778)	(143)	(2,780)	(2,477)	(5,400)
Future development costs	(830)	(60)	(2,270)	(1,244)	(3,574)
Future income taxes	(1,053)		(2,085)	(2,900)	(4,985)
Undiscounted future net cash flows	1,890	39	4,755	4,849	9,643
10% annual discount for estimated timing of cash flows	(713)	(22)	(2,212)	(3,224)	(5,458)
Standardized measure of discounted future net cash flows	$1,177	$17	$2,543	$1,625	$4,185

(2) Details of Changes for the Year

Year Ended March 31, 2011	Consolidated Companies Total	Affiliated Companies North America	Affiliated Companies Australia	Affiliated Companies Indonesia	Affiliated Companies Total
	Millions of Yen				
Discounted future net cash flows at April 1	¥40,917		¥137,902	¥36,128	¥174,030
Sales and transfer of oil and gas produced, net of production costs	(19,677)		(68,457)	18,353	(50,104)
Development costs incurred	8,584		9,234	2,336	11,570
Purchases of reserves	20,948				
Sales of reserves				(4,029)	(4,029)
Net changes in sales and transfer prices and production costs related to future production	34,094		92,833	112,657	205,490
Changes in estimated future development costs	19,159		4,610	(813)	3,797
Revisions of previous quantity estimates	(16,793)		115	1,982	2,097
Accretion of discount (10%)	4,661		13,933	(6,791)	7,142
Net change in income taxes	(13,579)		2	(47,200)	(47,198)
Difference of foreign exchange rates	(2,043)		1,425	(4,162)	(2,737)
Discounted future net cash flows at March 31	¥76,271		¥191,597	¥108,461	¥300,058

Year Ended March 31, 2012	Consolidated Companies Total	Affiliated Companies North America	Affiliated Companies Australia	Affiliated Companies Indonesia	Affiliated Companies Total
	Millions of Yen				
Discounted future net cash flows at April 1	¥76,271		¥191,597	¥108,461	¥300,058
Sales and transfer of oil and gas produced, net of production costs	(25,973)		(64,918)	(4,593)	(69,511)
Development costs incurred	7,855		9,705	6,146	15,851
Purchases of reserves		¥(3,349)			(3,349)
Sales of reserves	(1,574)				
Net changes in sales and transfer prices and production costs related to future production	105,990		99,532	41,722	141,254
Changes in estimated future development costs	(22,933)		(37,531)	1,908	(35,623)
Extensions, discoveries and improved recovery, less related costs	2,898				
Revisions of previous quantity estimates	7,485		6,172	(3,748)	2,424
Accretion of discount (10%)	9,862		18,235	7,912	26,147
Net change in income taxes	(50,432)		(7,992)	(29,204)	(37,196)
Difference of foreign exchange rates	(2,283)		(9,242)	(4,991)	(14,233)
Discounted future net cash flows at March 31	¥107,166	¥(3,349)	¥205,558	¥123,613	¥325,822

Year Ended March 31, 2013	Millions of Yen				
	Consolidated Companies	Affiliated Companies			
	Total	North America	Australia	Indonesia	Total
Discounted future net cash flows at April 1	¥107,166	¥(3,349)	¥205,558	¥123,613	¥325,822
Sales and transfer of oil and gas produced, net of production costs	(20,441)	(904)	(81,399)	(29,168)	(111,471)
Development costs incurred	25,507	11,867	11,844	13,932	37,643
Purchases of reserves			10,521	2,809	13,330
Net changes in sales and transfer prices and production costs related to future production	(10,114)	(40,443)	44,193	141,062	144,812
Changes in estimated future development costs	(22,204)	35,159	(6,295)	12,974	41,838
Extensions, discoveries and improved recovery, less related costs	3,186				
Revisions of previous quantity estimates	17,370		5,738	8,077	13,815
Accretion of discount (10%)	11,095	(228)	23,331	14,379	37,482
Net change in income taxes	(9,453)		(2,157)	(149,031)	(151,188)
Difference of foreign exchange rates	8,540	(476)	27,747	14,057	41,328
Discounted future net cash flows at March 31	¥110,652	¥1,626	¥239,081	¥152,704	¥393,411

Year Ended March 31, 2013	Millions of U S Dollars				
	Consolidated Companies	Affiliated Companies			
	Total	North America	Australia	Indonesia	Total
Discounted future net cash flows at April 1	$1,140	$(36)	$2,187	$1,315	$3,466
Sales and transfer of oil and gas produced, net of production costs	(217)	(10)	(866)	(310)	(1,186)
Development costs incurred	271	126	126	148	400
Purchases of reserves			112	30	142
Net changes in sales and transfer prices and production costs related to future production	(108)	(430)	470	1,501	1,541
Changes in estimated future development costs	(236)	374	(67)	138	445
Extensions, discoveries and improved recovery, less related costs	34				
Revisions of previous quantity estimates	185		61	86	147
Accretion of discount (10%)	118	(2)	248	153	399
Net change in income taxes	(101)		(23)	(1,586)	(1,609)
Difference of foreign exchange rates	91	(5)	295	150	440
Discounted future net cash flows at March 31	$1,177	$17	$2,543	$1,625	$4,185

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mitsubishi Corporation

We have audited the accompanying nonconsolidated balance sheet of Mitsubishi Corporation as of March 31, 2013, and the related nonconsolidated statements of income, and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements in accordance with the Companies Act of Japan and applicable regulations and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated 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 nonconsolidated 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 nonconsolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi Corporation as of March 31, 2013, and the results of its operations for the year then ended in accordance with the Companies Act of Japan and applicable regulations and accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in Note 1 to the nonconsolidated financial statements, the information provided in the notes to the nonconsolidated financial statements is limited to that required by the Companies Act of Japan and applicable regulations A statement of cash flows is not required as a part of the basic financial statements under the Companies Act of Japan and applicable regulations and, accordingly, is not presented herein Our opinion is not qualified in respect of these matters

Deloitte Touche Tohmatsu LLC

June 21, 2013

FINANCIAL STATEMENTS

For the year ended March 31, 2013

(NONCONSOLIDATED)

Mitsubishi Corporation

Mitsubishi Corporation
Nonconsolidated Balance Sheet

As of March 31, 2013 (Unit Millions of Yen)

ASSETS	
Total current assets	**¥3,686,436**
Cash and time deposits	805,193
Trade notes receivable	69,508
Trade accounts receivable	1,120,513
Short-term investments	129,959
Inventories	305 962
Real estate for sale	33,050
Advance payments to suppliers	174,334
Accounts receivable—other	147,360
Short-term loans	737 006
Deferred tax assets—current	32 302
Other current assets	135,268
Allowance for doubtful receivables	(4,022)
Total fixed assets	**4,426,369**
Net property and equipment	**130,448**
Equipment leased to others	263
Buildings and structures	37,554
Land	86,362
Construction in progress	1,585
Other property and equipment	4,682
Intangible assets	**40,220**
Software	14,288
Software in progress	25 047
Other intangible assets	883
Total investments and other assets	**4,255,701**
Investment securities	1 091 389
Investment in affiliates—stock	2,409,703
Other investments in affiliates	137,012
Investments other than stock	21,494
Investments in affiliates—other than stock	130,492
Long-term loans receivable	372,714
Non-current trade receivables	10,981
Long-term prepaid expenses	68,126
Other investments	32 681
Allowance for doubtful receivables	(18 895)
Deferred assets	**1,904**
Bond issuance cost	1 904
TOTAL ASSETS	**¥8,114,710**

LIABILITIES	
Total current liabilities	**¥2,174,387**
Trade notes payable	87,714
Trade accounts payable	891,397
Short-term borrowings	357 719
Commercial paper	95 000
Bonds due for redemption within one year	140,000
Accounts payable—other	203,526
Accrued expenses	36,141
Advances received	156,530
Deposit liabilities	30,133
Allowance for directors' bonuses	100
Other current liabilities	176 124
Non-current liabilities	**3,647,763**
Long-term borrowings	2,584,120
Bonds	912 734
Accrued pension and severance liabilities	2,840
Retirement allowances for directors and senior vice presidents (except Riji')	2,492
Allowance for loss on guarantees of obligations	11 113
Allowance for special repairs	491
Deferred tax liabilities—non-current	105,515
Asset retirement obligations	1,678
Other long-term liabilities	26,776
TOTAL LIABILITIES	**5,822,151**

EQUITY	
Shareholders' equity	**1,980,354**
Common stock	204 446
Capital surplus	214 161
Additional paid-in capital appropriated for legal reserve	214,161
Retained earnings	1,579,363
Retained earnings appropriated for legal reserve	31,652
Other retained earnings	1 547,711
Reserve for deferred gain on sales of property	10,708
General reserve	1,202 760
Unappropriated retained earnings	334 242
Treasury stock	(17 616)
Valuation and translation adjustments	**306,134**
Unrealized gains on other securities	338,135
Deferred hedging gains	(32,000)
Stock acquisition rights	**6,070**
TOTAL EQUITY	**2,292,559**
TOTAL LIABILITIES AND EQUITY	**¥8,114,710**

See notes to the nonconsolidated financial statements (Figures less than one million yen are rounded down)

Mitsubishi Corporation
Nonconsolidated Statement of Income

Year Ended March 31, 2013 (Unit Millions of Yen)

Net sales	**¥10,182,211**
Cost of sales	**(10,025,004)**
Gross profit	**157,207**
Selling, general and administrative expenses	**(222,173)**
Operating loss	**(64,965)**
Non-operating income	**524,829**
Interest income	14,177
Dividend income	412,130
Foreign exchange gains	36,035
Gain on sales of fixed assets	458
Gain on sales of investment securities	39,539
Other income	22,486
Non-operating expenses	**(131,396)**
Interest expense	(17,631)
Financial derivative expenses	(41,805)
Loss on sales and disposals of fixed assets	(682)
Impairment loss on fixed assets	(472)
Loss on sales of investment securities	(5,098)
Write-down of investment securities	(40,645)
Provision for doubtful receivables from affiliates	(15,858)
Other expenses	(9,202)
Income before income taxes	**328,467**
Income taxes-current	(21,513)
Income taxes-deferred	11,597
Net income	**¥318,551**

See notes to the nonconsolidated financial statements (Figures less than one million yen are rounded down)

Mitsubishi Corporation
Nonconsolidated Statement of Changes in Equity

Year Ended March 31, 2013 (Unit Millions of Yen)

	Shareholders' equity							
		Capital surplus	Retained earnings					
				Other retained earnings				
	Common stock	Additional paid-in capital appropriated for legal reserve	Retained earnings appropriated for legal reserve	Reserve for deferred gain on sales of property	General reserve	Unappropriated retained earnings	Treasury stock	Total shareholders equity
Balance as of April 1 2012	204 446	214 161	31 652	10 708	995 760	319 451	(20 189)	1,755,991
Changes during the fiscal year								
Dividends						(95 502)		(95,502)
Transfer to general reserve					207 000	(207 000)		-
Net income						318 551		318,551
Purchase of treasury stock							(6)	(6)
Sales of treasury stock						(1 257)	2 579	1,321
Net changes in items other than shareholders' equity during the fiscal year								-
Total changes during the fiscal year		-	-	-	207 000	14 790	2 572	224 363
Balance as of March 31 2013	204 446	214 161	31 652	10 708	1 202 760	334 242	(17 616)	1 980,354

	Valuation and translation adjustments				
	Unrealized gains on other securities	Deferred hedging gains	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
Balance as of April 1 2012	256 838	10 320	267,158	6 000	2,029,150
Changes during the fiscal year					
Dividends					(95,502)
Transfer to general reserve					-
Net income					318 551
Purchase of treasury stock					(6)
Sales of treasury stock					1,321
Net changes in items other than shareholders equity during the fiscal year	81 297	(42 321)	38 975	69	39,045
Total changes during the fiscal year	81 297	(42 321)	38,975	69	263,409
Balance as of March 31 2013	338 135	(32 000)	306 134	6 070	2,292,559

See notes to the nonconsolidated financial statements (Figures less than one million yen are rounded down)

Mitsubishi Corporation

Notes to the nonconsolidated financial statements (for the year ended March 31, 2013):

1. Basis of Presenting Nonconsolidated Financial Statements

The accompanying nonconsolidated financial statements have been prepared from the accounts maintained by Mitsubishi Corporation (the "Company"), in accordance with the provisions set forth in the Companies Act of Japan and applicable regulations and in accordance with accounting principles generally accepted in Japan The information provided in the notes to the nonconsolidated financial statements is limited to that required by the Companies Act of Japan and applicable regulations

A statement of cash flows is not required as a part of the basic financial statements under the Companies Act of Japan and applicable regulations and, accordingly, is not presented herein

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data

2. Significant Accounting Policies

1 Inventories

Inventories held for ordinary sale are measured at the lower of cost or net realizable value Cost is determined by the average-cost method or specific identification method Inventories held for trading are measured at market value

2 Securities

Securities are measured as follows

- Held-to-maturity securities, at amortized cost
- Securities issued by subsidiaries and affiliates, at cost (the cost of securities sold is determined based on the moving-average method)
- Other securities

  Marketable securities, at fair value as determined by the market value at the end of the fiscal year

  (Unrealized gain and loss is recorded in equity The cost of securities sold is determined based on the moving-average method)

  Non-marketable securities, at cost, based on the moving-average method

3 Derivatives

Derivatives are measured at fair value

The Company utilizes derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates, interest rates and commodity prices For those derivatives that qualify for hedge accounting, gains or losses on derivatives are deferred until maturity of the hedged items

4 Depreciation and Amortization of Fixed Assets

Depreciation of property and equipment (excluding leased assets) is calculated using the declining-balance method However, depreciation of buildings (excluding fixtures) acquired after March 31, 1998 is calculated using the straight-line method Intangible fixed assets are amortized using the straight-line method Software for internal use is amortized using the straight-line method based on an estimated useful life of five years

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method based on the lease term as the useful life and residual value of zero Of finance leases other than those that transfer ownership, leases beginning prior to April 1, 2008 are accounted for as ordinary operating leases

5 Deferred Assets

Bond issuance expenses are amortized by the interest method over the bond term

6 Foreign Currency Translation of Assets and Liabilities

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at year-end exchange rates with the resulting exchange gains or losses recognized in the nonconsolidated statement of income

7 Allowance for Doubtful Receivables

The allowance for doubtful receivables is established, with general allowance, based on the Company's past credit loss experience, and for individual doubtful receivables, based on evaluation of potential losses in the receivables outstanding

8 Allowance for Directors' Bonuses

The allowance for directors' bonuses represents the amount deemed to have been incurred in the fiscal year based on projected payments at the end of the fiscal year

9 Accrued Pension and Severance Liabilities

Accrued pension and severance liabilities are accounted for based on the projected benefit obligations and the plan assets at the balance sheet date The unrecognized net actuarial loss is amortized using the straight-line method over the average remaining service period for the employees in service from the following fiscal year Prior service costs are amortized using the straight-line method over the average remaining service period for employees

10 Retirement Allowance for Directors and Senior Vice Presidents (except "Riji")

Retirement allowances for Directors and Senior Vice Presidents (except "Riji") are provided at the amount of estimated retirement benefits to be paid at the end of the fiscal year based on calculation formulas in the bylaws

The retirement bonuses plan for Directors and Senior Vice Presidents (except "Riji") was abolished in the fiscal year ended March 31, 2008 The allowance balance as of March 31, 2013 relates to the previous plan

11 Allowance for Loss on Credit Guarantees of Indebtedness

The Company provides for contingent losses on guarantees of obligations, such as bank loans, for subsidiaries and other parties in the amount deemed necessary in consideration of their financial conditions and other factors

12 Allowance for Special Repairs

The allowance for special repairs is provided at the amount allocated to the period based on the estimated amount of expenses required for mandated regular open inspections of oil storage tanks

13 Consumption Tax and Similar Local Taxes

Consumption tax and similar local taxes are excluded from income and expenses

14 Income Taxes

The Company applies the consolidated tax return filing system

(Change in Presentation)

1 Nonconsolidated Balance Sheet

In prior years, software and software in progress were presented in "Software and others" of intangible assets However, the Company changed its presentation of "Software" and "Software in progress" as of March 31, 2013, due to their increase of monetary materiality

3. Notes to Nonconsolidated Balance Sheet

1 Assets pledged as collateral and significant liabilities with collateral

(1) Assets pledged as collateral

Short-term investments	¥28 million
Investment securities	¥3,375 million
Investments in affiliates-stock	¥48,276 million
Investments in affiliates-other than stock	¥2,448 million
Long-term loans receivable	¥89 million
Total	¥54,217 million

(2) Significant liabilities with collateral

The Company does not have collateral pledged against the Company's liabilities

2 Accumulated depreciation for property and equipment ¥76,860 million

3 Credit guarantee of indebtedness

(1) Guarantees for bank loans of customers and suppliers

(Affiliate) MITSUBISHI DEVELOPMENT PTY LIMITED	¥406,962 million
(Affiliate) P T DIPO STAR FINANCE	¥152,899 million
(Affiliate) MCAP EUROPE LIMITED	¥128,232 million
(Affiliate) MITSUBISHI CORPORATION FINANCE PLC	¥92,758 million
(Affiliate) PETRO DIAMOND COMPANY LIMITED	¥84,588 million
(Affiliate) CUTBANK DAWSON GAS RESOURCES LTD	¥83,699 million
Others	¥1,012,386 million
Total	¥1,961,527 million

In connection with an LNG project in Australia, the Company provides a performance guarantee to the seller of the participating interest in the project The performance guarantee is a joint and several guarantee of the payments for the participating interest in this project and for the future funding commitment in accordance with the joint venture agreement These guarantees amounted to 259,954 million yen as of March 31, 2013

The Company also provides guarantees for bank loans for this project The guarantee amount as of March 31, 2013 is included in Others in the table above

4 Trade notes discounted ¥77,178 million

5 Due from affiliates	Short-term receivables	¥959,451 million
	Long-term receivables	¥342,690 million
Due to affiliates	Short-term payables	¥235,027 million

4. Notes to Nonconsolidated Statement of Income

1 Transactions with affiliates

Operating transactions	
Sales	¥2,131,065 million
Purchases	¥2,452,474 million
Transactions other than operating transactions	¥361,808 million

5. Notes to Nonconsolidated Statement of Changes in Equity

1 Number of shares issued and outstanding at the end of the fiscal year

1,653,505,751 shares of common stock

2 Number of shares of treasury stock at the end of the fiscal year

6,166,537 shares of common stock

3 Matters concerning dividends

(1) Matters concerning dividends paid during the fiscal year

Resolution	Class of Shares	Total Dividend	Dividend per Share	Record Date	Effective Date
June 26, 2012 Ordinary General Meeting of Shareholders	Common stock	¥54,332 million	¥33	March 31, 2012	June 27, 2012
November 2, 2012 Board of Directors Meeting	Common stock	¥41,170 million	¥25	September 30, 2012	December 3, 2012

(2) Matters concerning dividends to be paid after the end of the fiscal year

The following was approved at the Annual General Meeting of Shareholders on June 21, 2013

Total dividend	¥49,420,176,420
Dividend per share of common stock	¥30
Effective date	June 24, 2013
Source of funds for dividend	Retained earnings
Record date	March 31, 2013

4 Equivalent number of shares resulting from the potential exercise of stock acquisition rights at the end of the fiscal year

5,653,400 shares of common stock (excluding shares for which the exercise period has not commenced)

6. Notes Concerning Income Tax Effects

1 Breakdown of the significant components of deferred tax assets and liabilities

Deferred tax assets	
Allowance for doubtful receivables	¥9,073 million
Accrued expenses	¥9,178 million
Write-down of investment securities	¥90,448 million
Impairment loss on fixed assets and real estate held for sale	¥2,149 million
Other	¥35,248 million
Subtotal	¥146,099 million
Less valuation allowance	(¥5,864 million)
Total deferred tax assets	¥140,234 million
Deferred tax liabilities	
Expenses related to accrued pension and severance liabilities	(¥12,776 million)
Deferred gain on sales of property	(¥5,930 million)
Unrealized gain on other securities	(¥187,525 million)
Other	(¥7,215 million)
Total deferred tax liabilities	(¥213,447 million)
Net deferred tax liabilities	(¥73,213 million)
Deferred tax assets-current	¥32,302 million
Deferred tax liabilities—noncurrent	(¥105,515 million)

2 Reconciliation of the combined statutory income tax rate to the effective income tax rate after giving effect to income tax allocation

Combined statutory income tax rate	38.0%
(Adjustments)	
Expenses not deductible for income tax purposes	0.5%
Dividend income	(37.4%)
Tax benefits on foreign tax credits	0.3%
Aggregate taxable income of specified foreign subsidiaries, etc	1.5%
Others	0.1%
Effective income tax rate	3.0%

7. Notes Concerning Leased Property and Equipment

In addition to fixed assets shown in the balance sheet, the Company uses leased office equipment, including personal computers, extensively

8. Notes Concerning Transactions With Related Parties

Category	Name of Company	Voting Rights (Ownership)	Relationship With Related Party	Transactions	Transaction Amount (Millions of yen)	Outstanding balances	Year-end Balance (Millions of yen)
Subsidiary	MITSUBISHI SHOKUHIN COMPANY LIMITED	Directly held 61 98% Indirectly held 0 02%	Customer	Sale of processed food (Note 1)	473,225	Trade accounts receivable	87,467
Subsidiary	MC FINANCE AUSTRALIA PTY LTD	Directly held 100%	Advance of funds	Advance of funds (Note 2) Receipt of interest received (Note 2)	71,539 198	Short-term loans Others (current assets)	292,800 22
Subsidiary	MC FINANCE & CONSULTING ASIA PTE LTD	Directly held 100%	Advance of funds	Advance of funds (Note 2) Receipt of interest received (Note 2)	92,125 279	Short-term loans Others (current assets)	104,420 21
Subsidiary	MITSUBISHI DEVELOPMENT PTY LIMITED	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fee (Note 3)	406,962 102	– –	–
Subsidiary	P T DIPO STAR FINANCE	Indirectly held 95%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fee (Note 3)	152,899 1,323	– –	–
Subsidiary	MCAP EUROPE LIMITED	Indirectly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fee (Note 3)	128,232 271	– –	–
Subsidiary	MITSUBISHI CORPORATION FINANCE PLC	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fee (Note 3)	92,758 62	– –	–
Subsidiary	PETRO DIAMOND COMPANY LIMITED	Directly held 100%	Guarantee obligations	Guarantee obligations (Note 4)	84,588	–	–
Subsidiary	CUTBANK DAWSON GAS RESOURCES LTD	Indirectly held 100%	Guarantee obligations	Guarantee obligations (Note 3) Receipt of guarantee fee (Note 3)	83,699 249	–	–

Transaction terms and policy
Notes
1 Prices and other transaction terms are determined through price negotiations based on market prices The transaction amounts do not include consumption taxes, etc However, the year-end balances include consumption taxes, etc
2 The Company determines conditions of advances rationally based on market interest rates
3 The Company provides guarantees for bank loans and receives a guarantee fee based on market interest rates
4 Despite the guarantees provided for bank loans, etc , the Company does not receive a guarantee fee from the company as the Company does not require the company to bear the transaction risk
5 In addition to the above, in connection with an LNG project in Australia discussed under "3 Credit guarantee of indebtedness" in "Notes to Nonconsolidated Balance Sheet," the Company provides a joint and several performance guarantee for related parties

9. Notes Concerning Per Share Information

Net assets per share	¥1,387 99
Basic net income per share	¥193 44
Diluted net income per share	¥193 02

10. Notes Concerning Matured notes at fiscal year-end

Matured notes at fiscal year end are accounted for on the settlement date Because March 31, 2013 fell on a bank holiday, the following matured notes were included in year-end balances

Trade notes receivable	¥5,728 million
Trade notes payable	¥3,857 million

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law

✗ **What this form is NOT fo**
You cannot use this form tc an alteration of manner of · with accounting requireme

FRIDAY

COMPANIES HOUSE

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state

Part 1 Corporate company name

Corporate name of overseas company ❶	MITSUBISHI CORPORATION
UK establishment number	B R 0 0 5 1 9 9

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited

Legislation ❷ THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT IN JAPAN

❷ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box

☐ **No** Go to **Section A3**

☑ **Yes** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3**

Name of organisation or body ❸ US GAAP

❸ Please insert the name of the appropriate accounting organisation or body

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to **Section A5**

☑ **Yes** Go to **Section A4**

A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box ☐ **No** Go to **Part 3 'Signature'** ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**	❶ Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ❶	US GAAP	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box ☐ **No** ☐ **Yes**

Part 3 Signature

I am signing this form on behalf of the overseas company

Signature	Signature X X
	This form may be signed by Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form The contact information you give will be visible to searchers of the public record

Contact name: Sumiyo Sekiguchi

Company name: Mitsubishi Corporation International (Europe) Plc

Address: Mid City Place, 71 High Holborn

Post town: London

County/Region:

Postcode: W C 1 V 6 B A

Country: United Kingdom

DX:

Telephone: (020)7025-3152

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form

Important information

Please note that all this information will appear on the public record

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DX ED235 Edinburgh 1
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