

MITSUI & CO LTD  
Form 6-K/A  
December 26, 2006  
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**FORM 6-K/A**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Report of Foreign Private Issuer

Interim Business Report First half of the fiscal year ending March 31, 2007

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of December 26, 2006

Commission File Number 09929

**Mitsui & Co., Ltd.**

(Translation of registrant's name into English)

**2-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-0004 Japan**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes \_\_\_\_\_ No  X

If  Yes  is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  82-\_\_\_\_\_

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 26, 2006

**MITSUI & CO., LTD.**

By: /s/ Kazuya Imai  
Name: Kazuya Imai  
Title: Executive Director  
Senior Executive Managing Officer  
Chief Financial Officer

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**Translated document**

This message has been prepared in English solely for the convenience of foreign readers, based on *Kabunushi no minasamae* . The original message in Japanese is definitive.

Message to Shareholders

Mitsui & Co., Ltd. (Mitsui) has announced an amendment to its six-month operating results published in its 88th Interim Business Report previously delivered to shareholders, reflecting losses in relation to naphtha trading transactions at its subsidiary Mitsui Oil (Asia) Pte. Ltd. (MOAS, Headquarters: Singapore).

It was discovered in November 2006 that one of the traders at MOAS had incurred but hidden by deceptively reporting significant unrealized losses on physical and futures trading of naphtha. As of December 19 2006, accumulated losses realized through orderly liquidation of these transactions amounted to ¥9.6 billion (U.S. \$81 million) before tax.

Based on the results of internal investigations, Mitsui has revised its six-month operating results in its 88th Interim Business Report which were previously delivered to shareholders (please refer to the amended Consolidated Balance Sheet and Statement of Consolidated Income as shown in Page 2 to 5). Net income of the first half of the fiscal year ending March 31, 2007 has been revised to ¥154.5 billion, down by ¥4.7 billion from ¥159.2 billion as previously reported. For the details of Mitsui's financial statements following this revision please refer to Mitsui's website at: <http://www.mitsui.co.jp/en/ir/library/business/>.

The annual forecast of Mitsui's consolidated net profit of ¥300 billion for the year ending March 31, 2007, and the interim dividend of ¥17 per share, remain unchanged.

An internal investigation into this incident is ongoing, and based on the results of such investigation, Mitsui will implement measures necessary to prevent the recurrence of similar incidents in future. Mitsui recognizes the seriousness of the incident and will continue to make efforts to improve its group-wide internal controls.

December 2006

Mitsui & Co., Ltd.

President and Chief Executive Officer

Shoei Utsuda

Continued

**Table of Contents****CONSOLIDATED BALANCE SHEETS (Unaudited)**

(Revisions are shown by an underline.)

**ASSETS**

| (Millions of Yen)  | September 30,<br>2006   | March 31,<br>2006 |
|--|-------------------------|-------------------|
| <b>Current Assets:</b>   |                         |                   |
| Cash and cash equivalents  | ¥ 706,464               | ¥ 697,065         |
| Time deposits  | 8,343                   | 37,028            |
| Marketable securities  | 167,945                 | 26,860            |
| Trade receivables:   |                         |                   |
| Notes and loans, less unearned interest                            | 487,647                 | 439,187           |
| Accounts   | 2,112,643               | 1,997,093         |
| Associated companies   | 170,967                 | 169,709           |
| Allowance for doubtful receivables                                 | (27,233)                | (26,703)          |
| Inventories  | 752,497                 | 695,754           |
| Advance payments to suppliers                                      | 96,296                  | 92,150            |
| Deferred tax assets - current                                      | 26,196                  | 32,569            |
| Derivative assets  | <u>337,749</u>          | 320,134           |
| Other current assets   | 310,272                 | 265,985           |
| <b>Total current assets</b>  | <b><u>5,149,786</u></b> | <b>4,746,831</b>  |
| <b>Investments and Non-current Receivables:</b>                    |                         |                   |
| Investments in and advances to associated companies                | 1,471,592               | 1,300,587         |
| Other investments  | 964,794                 | 935,675           |
| Non-current receivables, less unearned interest                    | 529,142                 | 444,487           |
| Allowance for doubtful receivables                                 | (95,179)                | (84,513)          |
| Property leased to others - at cost, less accumulated depreciation | 236,784                 | 218,583           |
| <b>Total investments and non-current receivables</b>               | <b>3,107,133</b>        | <b>2,814,819</b>  |
| <b>Property and Equipment - at Cost:</b>                           |                         |                   |
| Land, land improvements and timberlands                            | 197,256                 | 203,170           |
| Buildings, including leasehold improvements                        | 354,725                 | 349,904           |
| Equipment and fixtures   | 466,658                 | 472,069           |
| Mineral rights   | 165,543                 | 80,953            |
| Vessels  | 22,339                  | 22,376            |
| Projects in progress   | 126,162                 | 55,278            |
| <b>Total</b>   | <b>1,332,683</b>        | <b>1,183,750</b>  |
| Accumulated depreciation   | (459,162)               | (437,581)         |
| <b>Net property and equipment</b>                                  | <b>873,521</b>          | <b>746,169</b>    |
| <b>Intangible Assets, less Accumulated Amortization</b>            | <b>82,011</b>           | <b>98,811</b>     |
| <b>Deferred Tax Assets - Non-current</b>                           | <b><u>46,492</u></b>    | <b>47,947</b>     |
| <b>Other Assets</b>  | <b>118,661</b>          | <b>119,001</b>    |

**Total**

¥ **9,377,604**    ¥8,573,578

**Table of Contents****LIABILITIES AND SHAREHOLDERS EQUITY**

| (Millions of Yen)  | September 30,<br>2006 | March 31,<br>2006  |
|--|-----------------------|--------------------|
| <b>Current Liabilities:</b>  |                       |                    |
| Short-term debt  | ¥ 772,800             | ¥ 540,797          |
| Current maturities of long-term debt                                 | 359,413               | 353,185            |
| Trade payables:  |                       |                    |
| Notes and acceptances  | 118,715               | 100,402            |
| Accounts   | 2,046,939             | 1,762,224          |
| Associated companies   | 100,313               | 108,252            |
| Accrued expenses:  |                       |                    |
| Income taxes   | 44,704                | 63,739             |
| Interest   | 22,015                | 22,485             |
| Other  | 75,238                | 72,848             |
| Advances from customers  | 118,105               | 104,500            |
| Derivative liabilities   | 259,030               | 214,460            |
| Other current liabilities  | 168,455               | 168,049            |
| <b>Total current liabilities</b>                                     | <b>4,085,727</b>      | <b>3,510,941</b>   |
| <b>Long-Term Debt, less Current Maturities</b>                       | <b>2,699,250</b>      | <b>2,658,735</b>   |
| <b>Accrued Pension Costs and Liability for Severance Indemnities</b> | <b>37,822</b>         | <b>36,769</b>      |
| <b>Deferred Tax Liabilities Non-current</b>                          | <b>334,321</b>        | <b>318,911</b>     |
| <b>Other Long-Term Liabilities</b>                                   | <b>254,306</b>        | <b>252,155</b>     |
| <b>Minority Interests</b>  | <b>136,720</b>        | <b>118,160</b>     |
| <b>Shareholders Equity:</b>  |                       |                    |
| Common stock   | 295,797               | 295,766            |
| Capital surplus  | 390,545               | 390,488            |
| Retained earnings:   |                       |                    |
| Appropriated for legal reserve                                       | 38,860                | 38,508             |
| Unappropriated   | 955,286               | 825,306            |
| Accumulated other comprehensive income (loss):                       |                       |                    |
| Unrealized holding gains and losses on available-for-sale securities | 205,376               | 216,099            |
| Foreign currency translation adjustments                             | (56,536)              | (83,279)           |
| Minimum pension liability adjustment                                 | (5,407)               | (5,417)            |
| Net unrealized gains and losses on derivatives                       | 8,090                 | 2,439              |
| <b>Total accumulated other comprehensive income (loss)</b>           | <b>151,523</b>        | <b>129,842</b>     |
| Treasury stock, at cost  | (2,553)               | (2,003)            |
| <b>Total shareholders equity</b>                                     | <b>1,829,458</b>      | <b>1,677,907</b>   |
| <b>Total</b>   | <b>¥ 9,377,604</b>    | <b>¥ 8,573,578</b> |





**Table of Contents****STATEMENTS OF CONSOLIDATED INCOME (Unaudited)**

(Revisions are shown by an underline.)

| (Millions of Yen)   | Six-Month<br>Period ended<br>September 30,<br>2006 | Six-Month<br>Period ended<br>September 30,<br>2005 |
|---|--|--|
| <b>Revenues:</b>  |  |  |
| Sales of products   | ¥ 1,984,093  | ¥ 1,597,353  |
| Sales of services   | 270,894  | 234,550  |
| Other sales   | <u>69,628</u>                                      | 52,240   |
| <b>Total revenues</b>   | <b><u>2,324,615</u></b>                            | <b>1,884,143</b>                                   |
| Total Trading Transactions:   |  |  |
| Six-month period ended September 30, 2006: ¥7,622,220 million   |  |  |
| Six-month period ended September 30, 2005: ¥7,048,604 million   |  |  |
| <b>Cost of Revenues:</b>  |  |  |
| Cost of products sold   | 1,797,340  | 1,440,016  |
| Cost of services sold   | 68,112   | 45,510   |
| Cost of other sales   | 38,268   | 23,416   |
| <b>Total cost of revenues</b>   | <b>1,903,720</b>                                   | <b>1,508,942</b>                                   |
| <b>Gross Profit</b>   | <b><u>420,895</u></b>                              | <b>375,201</b>                                     |
| <b>Other Expenses (Income):</b>   |  |  |
| Selling, general and administrative   | 285,019  | 259,167  |
| Provision for doubtful receivables  | 1,610  | 1,218  |
| Interest expense, net of interest income  | 17,920   | 9,835  |
| Dividend income   | (28,119)   | (16,074)   |
| Gain on sales of securities net   | (26,545)   | (14,074)   |
| Loss on write-down of securities  | 3,207  | 3,499  |
| Gain on disposal or sales of property and equipment net   | (1,236)  | (216)  |
| Impairment loss of long-lived assets  | 9,964  | 4,771  |
| Compensation and other charges related to DPF incident  | (3,864)  | 9,000  |
| Other expense net   | <u>22,331</u>                                      | 328  |
| <b>Total other expenses</b>   | <b><u>280,287</u></b>                              | <b>257,454</b>                                     |
| <b>Income from Continuing Operations before Income Taxes, Minority Interests and Equity in Earnings</b> | <b><u>140,608</u></b>                              | <b>117,747</b>                                     |

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|   |                         |                 |
|---|-------------------------|-----------------|
| <b>Income Taxes:</b>  |                         |                 |
| Current   | <u>67,620</u>           | 46,782          |
| Deferred  | <u>(8,887)</u>          | 16,799          |
| Total   | <u>58,733</u>           | 63,581          |
| <b>Income from Continuing Operations before Minority Interests and Equity in Earnings</b> | <b><u>81,875</u></b>    | <b>54,166</b>   |
| <b>Minority Interests in Earnings of Subsidiaries</b>                                     | <b><u>(5,203)</u></b>   | <b>(9,001)</b>  |
| <b>Equity in Earnings of Associated Companies Net (After Income Tax Effect)</b>           | <b><u>74,512</u></b>    | <b>38,828</b>   |
| <b>Income from Continuing Operations</b>  | <b><u>151,184</u></b>   | <b>83,993</b>   |
| <b>Income from Discontinued Operations Net (After Income Tax Effect)</b>                  | <b><u>3,271</u></b>     | <b>(800)</b>    |
| <b>Net Income</b>   | <b><u>¥ 154,455</u></b> | <b>¥ 83,193</b> |

Note: In accordance with Statement of Financial Accounting Standards No.144, the figures for the six-month period ended September 30, 2005 relating to discontinued operations have been reclassified.

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**From the President**

We are pleased to bring you the Interim Business Report for our 88<sup>th</sup> fiscal year, which ends on March 31, 2007.

The economic environment was strong during the interim period from April 1, 2006 to September 30, 2006, and we achieved consolidated net income of ¥154.5 billion and non-consolidated net income of ¥71.7 billion. Both these results are considerably higher than the previous interim period. Commensurate with this outcome, we have revised our full-year forecast for consolidated net income upwards to ¥300.0 billion.

The interim dividend for the interim period has been increased to ¥17 per share, ¥7 per share higher than for the previous interim period. Moreover, based on our dividend policy of targeting a consolidated payout ratio of 20% and assuming we achieve the above-mentioned consolidated net income target for the year of ¥300.0 billion, we plan to increase the total dividend for the full year to ¥34 per share, compared to the ¥24 per share paid for the year ended March 2006.

In May of this year we announced Medium-Term Management Outlook, our corporate vision 3 to 5 years ahead and key strategy to realize it. Based on the ideas outlined in this document, we will continue to pursue the sustainable development of Mitsui and make every effort to increase corporate value.

We look forward to your continued support.

**Shoei Utsuda**

President and Chief Executive Officer

**December 2006**

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Note: In this translated report, the term "the Group" refers to "corporate organizations" as defined in Clause 2, Article 122 of the enforcement regulations of the Corporate Law of Japan.

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**INTERIM BUSINESS REPORT**

**(April 1, 2006 to September 30, 2006)**

**OPERATING ENVIRONMENT**

**THE GLOBAL ECONOMY**

An overview of our operating environment in the six-month period ended September 30, 2006 is as follows. The global economy continued its expansion, driven by the steady growth by the U.S. economy, the high growth rate of China and other emerging economies, the recovery of Europe, and the good performance of Japanese economy. In the United States, corporate profits remained robust and consumer spending continued to increase, and despite an easing in housing investment, which had been overheating, the economy performed steadily overall. China and other emerging economies continued to keep high growth, driven by further expansions in capital investment and increases in exports. The European economy demonstrated a clear recovery, supported by greater capital investment, particularly in Germany, and other factors.

The synchronized growth of the global economy made for an upward trend in international commodity markets such as crude oil, non-ferrous metals. Commodity prices reached record-high levels in the summer, and despite falling thereafter, remain at high levels. The global trend towards higher interest rates continued, and in the United States, the policy of raising interest rates that began in 2004 continued during the first half of this fiscal year, while Europe and Japan also raised interest rates.

**THE JAPANESE ECONOMY**

The Japanese economy continued its recovery. Exports continued to increase, driven by the global economic expansion and the weakening yen. Strong corporate sector profits led to increased capital investment particularly in the digital home appliance field, while improvements in employment and wages led to firmer consumer spending. Because of the economic recovery and the turn of the Consumer Price Index into positive territory, the Bank of Japan decided to terminate its quantitative easing policy this March, and subsequently ended its zero interest rate policy this July.

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**MEDIUM-TERM MANAGEMENT OUTLOOK AND BUSINESS RESULTS**

The key elements of Mitsui's new Medium-Term Management Outlook, announced in May 2006, are as follows:

Building a business portfolio that meets the needs of customers and of society.

Leveraging business engineering capabilities across Mitsui and its group companies (subsidiaries and associated companies) and optimizing resource allocation.

Prioritizing the development of human resources. In this respect we intend to build on our existing values of *challenge and creativity* and *freedom and open-mindedness* with additional emphasis on *fairness, humility and compliance*. We intend to form and foster a diverse pool of capable personnel.

**1 CORPORATE VISION 3 5 YEARS AHEAD QUANTITATIVE SUMMARY**

Looking ahead three to five years, risks in the operating environment include political, economic and environmental risks. Notwithstanding these risks, we believe that the currently favorable operating environment with simultaneous growth in different regions of the world, and strong upstream markets for mineral resources, energy and materials is likely to continue. Based on this assumption, we envisage achieving the parameters over the next three to five years as illustrated in the chart on the right.

**2 PROGRESS ON KEY INITIATIVES IN THE MEDIUM-TERM MANAGEMENT OUTLOOK AND KEY ISSUES TO ADDRESS**

**(1) DEVELOPMENT OF STRATEGIC BUSINESS PORTFOLIO**

**i Investment plan**

The Medium-Term Management Outlook intends to make investments around ¥800.0 billion over the two years to March 31, 2008. In the six-month period ended September 30, 2006, we have made investments of ¥230.0 billion.

**Table of Contents****MINERAL RESOURCES AND ENERGY**

In the Mineral Resources and Energy area, based on the Medium-Term Management Outlook (as shown on the right), we continued to make investments aimed at increasing our equity production volumes.

|                                   | March       | March       | March       |                      |
|-----------------------------------|-------------|-------------|-------------|----------------------|
| <b>Our equity share of output</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>5 years ahead</b> |
| Oil/Gas (Kbbl/d)                  | 114         | 123         | 153         | 250                  |
| Iron Ore (Mtpy)                   | 39.5        | 42.2        | 44.7        | 50                   |
| Coal (Mtpy)                       | 8.2         | 6.7         | 7.6         | 16                   |

Our total investment in the Sakhalin II project was approximately ¥350.0 billion as of the end of September 2006, an increase of ¥47.0 billion\* compared to the end of March 2006. The Sakhalin II Project continues to progress in accordance with the Production Sharing Agreement with the Russian Government, and the construction work is now more than 80% complete towards the scheduled start of LNG delivery in summer 2008. In the meantime, Sakhalin Energy Investment Company Ltd. (Bermuda) (in which we hold a 25% interest) is working closely with the relevant authorities to resolve the environmental issues raised by the Ministry of Natural Resources of the Russian Federation.

The Sakhalin II Project LNG plant (under construction)

We also acquired oil and gas interests valued at ¥53.2 billion in the offshore Gulf of Mexico, through an agreement with Pogo Producing Company of United States. Furthermore, in March 2007, we plan to make Mitsui Oil Exploration Co., Ltd. (Japan), currently one of our associated companies, into a subsidiary (in which we will increase our voting rights to 50.3%). In the Australian iron ore and coal business, we made investments of ¥26.7 billion, as part of our plan to increase production capacity.

\* Including effects from foreign exchange translation

**INFRASTRUCTURE PROJECTS BUSINESS**

In the Infrastructure Projects Business we invested ¥27.5 billion in the acquisition of Brazilian gas distribution operations. We also invested ¥10.3 billion to acquire newly-issued shares of Toyo Engineering Corporation (Japan) with the aim of enhancing collaboration in the infrastructure projects, which are growing in size in all regions.

**GLOBAL TRADING NETWORKS BUSINESS**

In the global trading networks area, in response to rising demand for salt for use as a raw material in the chlor-alkali industry, we acquired the Onslow salt field in Australia in June 2006. Furthermore, in September 2006, we launched an initiative in the automobile parts business, acquiring newly issued shares in the automobile parts manufacturer and dealer Asahi Tec Corporation (Japan), which increased its capital to fund expansion of overseas operations, particularly in the United States.



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**CONSUMER PRODUCTS AND SERVICES BUSINESS**

In the consumer products and services business, we invested ¥5.8 billion to acquire newly-issued shares of Brightstar Corp. of United States, a major U.S. distributor of mobile handsets, and aim to expand our mobile phone business in the Asia-Pacific region.

**ii Continuous review of our business portfolio based on Mitsui's business strategy**

Mitsui's President sits down twice a year for face-to-face discussions with the Chief Operating Officers of each Business Unit to review the profitability and viability of subsidiaries and associated companies. From this fiscal year, the scope of these examinations has been widened to include the entire portfolio of each Business Unit. The examinations cover business domain prioritization, recycling of inefficient assets, and improvement in the quality of monitoring of subsidiaries and associated companies.

The President and the Chief Operating Officers at the portfolio and subsidiaries and associated companies review meeting

**(2) EVOLUTION OF OUR BUSINESS MODELS LEVERAGING BUSINESS ENGINEERING CAPABILITIES**

In April 2006 we reached an agreement with Petróleo Brasileiro S.A. of Brazil to jointly implement a feasibility study on producing bioethanol and related products in Brazil and exporting and selling them internationally. Mitsui aims to pursue, through comprehensive cross-divisional efforts, the commercialization of bioethanol.

**(3) IMPLEMENTATION OF GLOBAL STRATEGY**

In accordance with our policy of strengthening our business strategy in the broad economic regions of Asia, Europe and the Americas, we introduced the Regional Business Unit system in April 2006. The Asia Business Unit is working in partnership with the Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of Mitsui's Head Office towards the acquisition of a 25% equity stake (equivalent to approximately ¥18 billion) in Erdos Electrical Power & Metallurgical Co., Ltd. (Inner Mongolia Autonomous Region, China) with the aim of expanding our business in China.

Facilities of Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd. (Erdos EJM), a joint venture of Erdos Electric Power & Metallurgical Co., Ltd., JFE Steel Corporation and Mitsui

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**(4) REINFORCEMENT OF MANAGEMENT FRAMEWORK TO SUPPORT GROWTH**

Section 404 of the U.S. Sarbanes-Oxley Act ( SOX 404 ) has become applicable to us from the fiscal year ending March 31, 2007. Mitsui and its subsidiaries subject to SOX 404 have, for the most part, completed self-evaluation on internal controls over financial reporting, and audits by the independent auditor are steadily commencing.

With regard to the DPF incident, where Mitsui sold diesel particulate filters ( DPFs ) for diesel cars for which false data had been produced and submitted to the authorities, we have completed the redemption of the DPFs in question. To ensure that we never forget the lessons learned from this incident, which caused major concern to all stakeholders, including our customers and the related authorities, and seriously damaged our social trust, we continue to work vigorously to ensure that our compliance systems are thorough and robust.

**OUTLINE OF OPERATING RESULTS**

**(April 1, 2006 to September 30, 2006)**

**1 OPERATING RESULTS OF THE GROUP**

**Total Trading Transactions** increased by ¥573.6 billion over the previous comparable period to ¥7,622.2 billion, and **gross profit** increased by ¥45.7 billion to ¥420.9 billion, reflecting increased trading in energy and chemical products. Higher profits were generated at oil and gas producing subsidiaries in Australia and the Middle East and iron ore subsidiaries in Australia, driven by rising prices of crude oil and iron ore. Profits also grew from trade in energy and precious metal products, while iron and steel products, machinery and chemicals continued to perform strongly, backed by active worldwide demand.

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**Operating income\*** increased by ¥19.5 billion over the previous comparable period to ¥134.3 billion. While gross profit increased, as mentioned above, selling, general and administrative expenses increased ¥25.8 billion, due to higher expenses in areas such as personnel.

\* Operating income = gross profit - selling, general and administrative expenses - provision for doubtful receivables

**Income from continuing operations before income taxes, minority interests and equity in earnings** increased by ¥22.9 billion to ¥140.6 billion. In addition to the increase in operating income, the major factors were as follows:

Interest expenses increased ¥8.1 billion in line with increased investment in the Sakhalin II Project and other projects, while dividend income increased ¥12.0 billion, with a major contribution from the LNG Projects in the Middle East.

In the previous comparable period, compensation and other charges related to the DPF incident came to ¥9.0 billion.

Impairment losses on goodwill and intangible assets were recorded at Mitsui Norin Co., Ltd. (Japan).

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**Equity in earnings of associated companies** increased ¥35.7 billion to ¥74.5 billion.

In mineral resources related business, Valepar S.A. (Brazil) and Compania Minera Dona Ines de Collahuasi SCM (Chile) recorded major increases in profit, supported by rising prices of iron ore and copper.

In energy business, as a result of rising oil prices, profits were higher at Japan Australia LNG (MIMI) Pty. Ltd. (Australia) which conducts LNG business in Australia and Mitsui Oil Exploration Co., Ltd. (Japan).

In overseas power producing business, IPM Eagle LLP (United Kingdom) recorded an increase due to expanding its business scale.

As a result of these developments, for the six-month period ended September 30, 2006, the Group recorded **net income** of ¥154.5 billion, ¥71.3 billion higher than the ¥83.2 billion recorded in the previous comparable period.

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### 2 RESULTS BY OPERATING SEGMENT

**Iron & Steel Products:** Net income for the six-month period ended September 30, 2006 was ¥9.4 billion, an increase of ¥0.1 billion. High-end products such as steel tubular products and steel plates for shipbuilding and automobiles continued to perform well.

**Iron & Steel Raw Materials and Non-Ferrous Metals:** Net income for the six-month period was ¥62.2 billion, a major increase of ¥36.2 billion. Gross profit increased slightly as iron ore prices increased and coal prices fell. Supported by across-the-board rises in mineral resource prices, associated companies Valepar S.A. (Brazil), and Compania Minera Dona Ines de Collahuasi SCM (Chile), engaged in copper business, benefited particularly from rising copper prices, recorded major increases in profit.

**Machinery & Infrastructure Projects:** Net income for the six-month period was ¥18.0 billion, an increase of ¥5.2 billion. Profits increased at overseas power producing business IPM Eagle LLP (United Kingdom), as a result of business expansion and success in operations. Furthermore, net income rose at automotive related subsidiaries and associated companies in all regions.

**Chemical:** Net income for the six-month period was ¥10.4 billion, an increase of ¥8.1 billion. In upstream business, gross profit increased due to improved market conditions in ammonia, methanol and others, as well as good performance in IT related business, plastics and inorganic raw materials resulting from increased demand, particularly in Asia. The increase also reflects the absence of the burden from compensation and other charges related to the DPF incident that were recorded in the previous comparable period.

**Energy:** Net income for the six-month period was ¥27.8 billion, an increase of ¥13.6 billion. Despite higher interest expenses due to increased investment in the Sakhalin II Project, rising oil prices resulted in a major increase in net income. There were also increases at associated companies engaged in crude oil and natural gas exploration, development and marketing (such as Japan Australia LNG (MIMI) Pty. Ltd. (Australia) and Mitsui Oil Exploration Co., Ltd. (Japan), as well as increased dividend income from LNG Projects in the Middle East.

**Foods & Retail:** Net loss for the six-month period was ¥4.2 billion, compared to net income of ¥3.6 billion recorded in the previous comparable period. Gross profit declined at Mitsui Norin Co., Ltd. (Japan) due to increased competition and a decrease in demand for beverage ingredients and restaurant and home-use products, and the Company recorded impairment losses on goodwill and intangible assets.

**Lifestyle, Consumer Service, Information, Electronics and Telecommunication:** Net income for the six-month period was ¥3.3 billion, a decrease of ¥2.3 billion. As well as a decrease in textiles and increased costs in the Information, Electronics & Telecommunication business, Mitsui Bussan House-Techno Inc. (Japan) withdrew from the houses built for sale business, booking future maintenance-related expenses in the period under review as a result. Associated companies such as QVC JAPAN INC. (Japan), operating in television shopping, recorded an increase in profit.

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**Logistics & Financial Markets:** Net income for the six-month period was ¥6.4 billion, an increase of ¥1.2 billion, due to strong performance in energy derivative and other trading.

**Americas:** Net income for the six-month period for the Americas was ¥9.1 billion, an increase of ¥5.1 billion. Income from petroleum trading increased at the subsidiary Westport Petroleum Inc. (United States), and iron and steel products performed well. Rising U.S. dollar interest rates resulted in higher interest expenses.

**Europe, Asia and Other Overseas:** Net income for the six-month period for Europe was ¥2.0 billion, a decline of ¥0.7 billion. Net income for Asia was ¥3.6 billion, a decrease of ¥1.0 billion. Both declines were due to factors such as increased costs. Net income in Other Overseas was ¥6.7 billion, the same as the previous comparable period.

For further details please refer to pages 27 - 29 of this document, Operating Segment Information .

On a non-consolidated basis, sales for the six-month period ended September 30, 2006 were ¥5,625.4 billion. Gross profit was ¥112.7 billion, and net income was ¥71.7 billion. For details, please refer to pages 30 - 34 of this document, Balance Sheets and Statements of Income .

**3 FORECASTS FOR THE YEAR ENDING MARCH 31, 2007**

Our initial forecast for net income for the fiscal year ending March 31, 2007 was ¥240.0 billion. However, as a result of good performance in metal resources and energy we have revised this to ¥300.0 billion. Full-year net income forecasts by operating segment are shown below.

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**Iron & Steel Raw Materials and Non-Ferrous Metals:** Full-year net income forecasts for this segment have been revised to ¥100.0 billion, an increase of ¥45.3 billion over the previous comparable period. Reasons for this include rising prices of copper and iron ore, as well as one-time factors such as the sale of shares in Toho Titanium Co., Ltd. (Japan) and stake in aluminum smelters at Mitalco Inc. (United States), as part of business recycling.

**Energy:** Full-year net income forecasts in this segment have been revised to ¥77.0 billion, an increase of ¥36.1 billion. The principal factors for this are increased oil prices and increased oil and natural gas production following the start of oil production at the Enfield oil field in Australia.

**Iron & Steel Products, First and Second Chemicals:** Reflecting continued improvements in the business environment, full-year net income forecasts in these segment have been revised to ¥20.0 billion, an increase of ¥0.6 billion and ¥20.0 billion, an increase of ¥7.9 billion respectively. Pre-tax expenses of ¥9.0 billion relating to the DPF incident were recorded in the Chemical segment in the previous year, which are absent in the period under review.

**Machinery & Infrastructure Projects:** Full-year net income forecasts in this segment have been revised to ¥34.0 billion, an increase of ¥3.4 billion. This is a result of good performance in automotive business and shipping, as well as contributions from overseas power generator business IPM Eagle LLP (United Kingdom) following business expansion.

**Foods & Retail:** Full-year net income forecasts in this segment have been revised to ¥0.0 billion, an increase of ¥3.2 billion. In the previous fiscal year this segment recorded a net loss of ¥3.2 billion, as a result of impairment losses on fixed assets at MITSUI FOODS CO., LTD. (Japan) and other factors. We expect a net loss of ¥9.0 billion at Mitsui Norin Co., Ltd. (Japan) as a result of an impairment loss on goodwill and other factors, but we believe that this segment will begin a gentle recovery.

**Table of Contents****4 TRENDS IN COMPANY PERFORMANCE AND VALUE OF ASSETS****(1) TRENDS IN COMPANY PERFORMANCE AND VALUE OF ASSETS (CONSOLIDATED) (UNAUDITED)**

(Millions of Yen, Except Net Income per Share)

|                            | Six-month<br>period ended<br>September 30, | Six-month<br>period ended<br>September 30, | Six-month<br>period ended<br>September 30, | Six-month<br>period ended<br>September 30, |
|----------------------------|--|--|--|--|
|                            | 2003                                       | 2004                                       | 2005                                       | 2006                                       |
| Total Trading Transactions | ¥ 5,943,673                                | ¥ 6,712,625                                | ¥ 7,048,604                                | ¥ 7,622,220                                |
| Gross Profit               | 293,623                                    | 347,343                                    | 375,201                                    | 420,895                                    |
| Net Income                 | 25,822                                     | 62,101                                     | 83,193                                     | 154,455                                    |
| Net Income per Share (Yen) | 16.33                                      | 39.24                                      | 52.58                                      | 89.65                                      |
| Net Assets                 | 915,218                                    | 1,034,734                                  | 1,288,158                                  | 1,829,458                                  |
| Total Assets               | 6,470,993                                  | 7,024,720                                  | 8,207,037                                  | 9,377,604                                  |

Notes:

- The figures shown in this table have been prepared on the basis of accounting principles generally accepted in the United States of America ( U.S. GAAP ). Total Trading Transactions is a voluntary disclosure and represents the gross transaction volume of the nominal aggregate value of the sales contracts in which Mitsui & Co., Ltd. and its subsidiaries (collectively the companies ) act as principal and transactions in which the companies serve as agent. Total Trading Transactions is not meant to represent sales or revenues in accordance with US GAAP. The companies have included the information concerning Total Trading Transactions because it is used by similar Japanese trading companies as an industry benchmark, and the companies believe it is a useful supplement to results of operations data as a measure of the companies performance compared to other similar Japanese trading companies.
- In accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the prior year figures relating to discontinued operations have been reclassified.
- Figures less than ¥1 million and figures less than ¥1/100 (in the case of Net Income per Share) are rounded.

**(2) TRENDS IN COMPANY PERFORMANCE AND VALUE OF ASSETS (NON-CONSOLIDATED) (UNAUDITED)**

(Millions of Yen, Except Net Income per Share)

|       | Six-month<br>period ended<br>September 30, | Six-month<br>period ended<br>September 30, | Six-month<br>period ended<br>September 30, | Six-month<br>period ended<br>September 30, |
|-------|--|--|--|--|
|       | 2003                                       | 2004                                       | 2005                                       | 2006                                       |
| Sales | ¥ 4,908,778                                | ¥ 5,123,768                                | ¥ 5,434,172                                | ¥ 5,625,429                                |



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|                            |           |           |           |                  |
|----------------------------|-----------|-----------|-----------|------------------|
| Net Income                 | 6,397     | 40,646    | 36,305    | <u>71,685</u>    |
| Net Income per Share (Yen) | 4.04      | 25.68     | 22.94     | <u>41.60</u>     |
| Net Assets                 | 686,482   | 736,511   | 806,122   | <u>1,129,445</u> |
| Total Assets               | 4,143,579 | 4,339,022 | 4,690,168 | <u>5,297,985</u> |

Notes:

1. The figures shown in this table have been prepared on the basis of accounting principles generally accepted in Japan.
2. Net Income per Share was computed based on the average number of shares outstanding during the period.
3. Figures less than ¥1 million and figures less than ¥1/100 (in the case of Net Income per Share) are rounded down.

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**Corporate Outline**

**PRINCIPAL GROUP BUSINESS (AS OF SEPTEMBER 30, 2006)**

The Group operates in the following segments: Iron & Steel Products; Iron & Steel Raw Materials and Non-Ferrous Metals; Machinery & Infrastructure Projects; Chemicals; Energy; Foods & Retail; and Lifestyle, Consumer Service, Information, Electronics and Telecommunication. We carry out a variety of activities in each segment, including sales, import and export, international trading and production, as well as operating a diverse range of service businesses such as transportation and finance. In addition, we engage in natural resource development, strategic business investment and a broad range of other business initiatives.

**PRINCIPAL GROUP OFFICES (AS OF SEPTEMBER 30, 2006)**

|                  |                             |   |
|------------------|-----------------------------|---|
| <b>Domestic:</b> | <b>Head Office</b>          | Chiyoda-ku, Tokyo   |
|                  | <b>Offices and Branches</b> | Sapporo Office, Tohoku Office (Sendai), Nagoya Office, Osaka Office, Hiroshima Office, Fukuoka Office, Niigata Branch, Hokuriku Branch (Toyama), Takamatsu Branch |
| <b>Overseas:</b> | <b>Branches</b>             | Singapore Branch, Kuala Lumpur Branch, Manila Branch  |
|                  | <b>Trading Subsidiaries</b> | Mitsui & Co. (U.S.A.), Inc.<br>Mitsui & Co. Europe PLC (United Kingdom)<br>Mitsui & Co. (Australia) Ltd.<br>Mitsui & Co., Middle East Ltd. (U.A.E.)               |

Note: Other than those listed above, there are 8 offices in Japan and 144 offices overseas.

**SHARES OF MITSUI & CO., LTD. (AS OF SEPTEMBER 30, 2006)**

|                              |                      |
|------------------------------|----------------------|
| Number of shares authorized  | 2,500,000,000 shares |
| Number of shares outstanding | 1,725,089,234 shares |
| Number of shareholders       | 111,749 shareholders |

**Table of Contents****GROUP EMPLOYEES**

|   | Number of<br>Employees as<br>of September 30,<br>2006 | Number of<br>Employees as<br>of March 31,<br>2006 | Change in<br>Number of<br>Employees |
|---|---|---|-------------------------------------|
| <b>Operating segment</b>  | <b>2006</b>   | <b>2006</b>                                       | <b>Employees</b>                    |
| Iron & Steel Products   | 2,110   | 2,044   | +66                                 |
| Iron & Steel Raw Materials and Non-Ferrous Metals                           | 2,573   | 2,504   | +69                                 |
| Machinery & Infrastructure Projects   | 10,221  | 9,338   | +883                                |
| Chemicals   | 3,798   | 3,735   | +63                                 |
| Energy  | 1,460   | 1,384   | +76                                 |
| Foods & Retail  | 6,807   | 6,555   | +252                                |
| Lifestyle, Consumer Service, Information, Electronics and Telecommunication | 5,816   | 5,607   | +209                                |
| Logistics & Financial Markets   | 1,281   | 1,239   | +42                                 |
| Americas  | 2,463   | 2,888   | (425)                               |
| Europe  | 1,084   | 1,078   | +6                                  |
| Asia  | 2,147   | 2,102   | +45                                 |
| Other Overseas Areas  | 525   | 535   | (10)                                |
| All Other   | 1,733   | 1,984   | (251)                               |
| Total   | 42,018  | 40,993  | +1,025                              |
| Notes:  |   |   |                                     |

1. The above employee figures do not include temporary staff, seconded or part-time staff.
2. Of the 42,018 employees at the end of September 30, 2006, 5,874 were employed by the Company (1 more than at the end of the previous fiscal period).
3. Following corporate restructuring in April 2006, the figures of All Other as of September 30, 2006 is the number of employees in the Corporate Staff Division.

**Table of Contents****PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES****1 PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES (As of September 30, 2006)**

| Subsidiary  | Operating Segment   | Capital              | Percentage owned      |  | Main Business  |
|---|---|----------------------|-----------------------|--|--|
|   |   |                      | by Mitsui & Co., Ltd. |  |  |
| Mitsui & Co. (U.S.A.), Inc.                       | Americas  | US\$350,000 thousand | 100                   |  | Trading  |
| Mitsui Iron Ore Development Pty. Ltd. (Australia) | Iron & Steel<br>Raw Materials<br>and<br>Non-Ferrous<br>Metals | A\$20,000 thousand   | 100<br>(20)           |  | Production and marketing of iron ore   |
| Mitsui E&P Middle East B.V. (Netherlands)         | Energy  | 18 thousand          | 60<br>(60)            |  | Exploration,<br>development and production of oil<br>and natural gas in Oman |
| Mitsui Coal Holdings Pty. Ltd. (Australia)        | Iron & Steel<br>Raw Materials<br>and<br>Non-Ferrous<br>Metals | A\$196,593 thousand  | 100<br>(30)           |  | Investment in Australian coal businesses                                     |
| MITSUI FOODS CO., LTD. (Japan)                    | Foods & Retail  | ¥12,031 million      | 99.87                 |  | General foods<br>wholesaling   |

| Associated Company                                | Operating Segment   | Capital                 | Percentage owned      |  | Main Business   |
|---|---|-------------------------|-----------------------|--|---|
|   |   |                         | by Mitsui & Co., Ltd. |  |   |
| Japan Australia LNG (MIMI) Pty. Ltd. (Australia)  | Energy  | A\$369,050 thousand     | 50<br>(50)            |  | Exploration,<br>development and marketing of oil and natural gas                |
| Valepar S.A. (Brazil)                             | Iron & Steel<br>Raw Materials<br>and<br>Non-Ferrous<br>Metals | R\$7,083,206 thousand   | 18.24                 |  | Investment in Companhia Vale do Rio Doce, a mineral resources company in Brazil |
| Sakhalin Energy Investment Company Ltd. (Bermuda) | Energy  | US\$11,394,612 thousand | 25<br>(25)            |  | Exploration,<br>development and marketing of oil and natural gas                |

Notes:

1. The figures in brackets represent indirect ownership through other subsidiaries.

2. The figures for capital have been rounded.

**Table of Contents****2 THE NUMBER OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The number of subsidiaries and associated companies as of September 30, 2006, along with the interim periods of the last three years, is as follows:

(Unit: companies)

|   | Six-month<br>period ended<br>September 30,<br>2003 | Six-month<br>period ended<br>September 30,<br>2004 | Six-month<br>period ended<br>September 30,<br>2005 | Six-month<br>period ended<br>September 30,<br>2006 |
|---|--|--|--|--|
| Subsidiaries  | 358  | 355  | 317  | 318  |
| Associated Companies Accounted for<br>under the Equity Method | 295  | 289  | 197  | 173  |

Note: The number of companies listed above excludes those affiliated companies of certain subsidiaries (other than overseas trading subsidiaries), which are consolidated or accounted for under the equity method by those subsidiaries and companies that are managed by overseas trading subsidiaries.

Furthermore, as from the interim period under review those companies that are managed by overseas trading companies have been included with their managing company, and the data for the interim periods of the last three years has been updated and presented in the same way.

**Table of Contents****DETAILS OF SENIOR COMPANY OFFICERS (AND AUDITORS)**

(AS OF NOVEMBER 1, 2006)

**1 Directors and Corporate Auditors**

| <b>Name</b>       | <b>Title</b>                             | <b>Principal position/Area of operation</b>   |
|-------------------|--|---|
| Nobuo Ohashi      | Chairman and Director                    |   |
| Shoei Utsuda*     | President and<br>Chief Executive Officer | Chief Executive Officer   |
| Tetsuya Matsuoka* | Director                                 | Infrastructure Projects Business Unit; Machinery Business Unit; Financial Markets Business Unit; Transportation Logistics Business Unit   |
| Masataka Suzuki*  | Director                                 | First Chemicals Business Unit; Second Chemicals Business Unit; Foods & Retail Business Unit; Director, Mitsui & Co. Europe PLC; Director, Mitsui & Co., Middle East Ltd.  |
| Hiroshi Tada*     | Director                                 | Iron & Steel Products Business Unit; Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit; Energy Business Unit  |
| Yasunori Yokote*  | Director                                 | Chief Compliance Officer; Chief Privacy Officer; Corporate Staff Division (Secretariat, Corporate Planning & Strategy Division, Human Resources & General Affairs Division, Information Strategic Planning Division, Corporate Communications Division, CSR Promotion Division, Legal Division, Logistics Management Division, Domestic Offices and Branches); New Business Promotion; Environmental Matters; Business Continuity Plan Management; DPF Matters; Chief Operating Officer, Business Process Re-Engineering Project Headquarters |
| Kazuya Imai*      | Director                                 | Chief Financial Officer; Corporate Staff Division (Investor Relations Division, Investment Administration Division, Business Process Control Division, Accounting Division, Finance Division, Credit Risk Management Division, Market Risk Management Division, Financial Planning Division); Deputy Chief Operating Officer, Business Process Re-Engineering Project Headquarters; Director, Mitsui & Co. (U.S.A), Inc.  |
| Hiroshi Ito*      | Director                                 | Lifestyle Business Unit; Consumer Service Business Unit; Information, Electronics and Telecommunication Business Unit   |
| Akishige Okada    | Director                                 | Advisor, Sumitomo Mitsui Banking Corporation  |
| Akira Chihaya     | Director                                 | Representative Director and Chairman of the Board of Directors of Nippon Steel Corporation  |
| Nobuko Matsubara  | Director                                 | Chairman, Japan Institute of Workers Evolution  |
| Tasuku Kondo      | Corporate Auditor                        |   |
| Hiroshi Matsuura  | Corporate Auditor                        |   |
| Ko Matsukata      | Corporate Auditor                        | Standing Advisor, Mitsui Sumitomo Marine and Fire Insurance Co., Ltd.   |
| Yasutaka Okamura  | Corporate Auditor                        | Attorney at Law   |
| Hideharu Kadowaki | Corporate Auditor                        | Chairman, the Institute of The Japan Research Institute, Limited  |
| Naoto Nakamura    | Corporate Auditor                        | Attorney at Law   |
| Notes:            |  |   |

1. Akishige Okada, Akira Chihaya and Nobuko Matsubara are external Directors.
2. Ko Matsukata, Yasutaka Okamura, Hideharu Kadowaki and Naoto Nakamura are external Corporate Auditors. Tasuku Kondo and Hiroshi Matsuura are full-time Corporate Auditors.
3. Representative Directors are marked with an asterisk.



**Table of Contents****2 Executive Officers**

| <b>Name</b>        | <b>Title</b>                             | <b>Principal position/Area of operation</b>   |
|--------------------|--|---|
| Shoei Utsuda*      | President and<br>Chief Executive Officer | Chief Executive Officer   |
| Tetsuya Matsuoka*  | Executive Vice President                 | Infrastructure Projects Business Unit; Machinery Business Unit; Financial Markets Business Unit; Transportation Logistics Business Unit   |
| Masataka Suzuki*   | Executive Vice President                 | First Chemicals Business Unit; Second Chemicals Business Unit; Foods & Retail Business Unit; Director, Mitsui & Co. Europe PLC; Director, Mitsui & Co., Middle East Ltd.  |
| Gempachiro Aihara  | Executive Vice President                 | Chief Operating Officer, Asia Business Unit   |
| Hiroshi Tada*      | Executive Vice President                 | Iron & Steel Products Business Unit; Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit; Energy Business Unit  |
| Yasunori Yokote*   | Senior Executive Managing Officer        | Chief Compliance Officer; Chief Privacy Officer; Corporate Staff Division (Secretariat, Corporate Planning & Strategy Division, Human Resources & General Affairs Division, Information Strategic Planning Division, Corporate Communications Division, CSR Promotion Division, Legal Division, Logistics Management Division, Domestic Offices and Branches); New Business Promotion; Environmental Matters; Business Continuity Plan Management; DPF Matters; Chief Operating Officer; Business Process Re-Engineering Project Headquarters |
| Kazuya Imai*       | Senior Executive Managing Officer        | Chief Financial Officer; Corporate Staff Division (Investor Relations Division, Investment Administration Division, Business Process Control Division, Accounting Division, Finance Division, Credit Risk Management Division, Market Risk Management Division, Financial Planning Division); Deputy Chief Operating Officer, Business Process Re-Engineering Project Headquarters; Director, Mitsui & Co. (U.S.A), Inc.  |
| Toshihiro Soejima  | Senior Executive Managing Officer        | Chief Representative of Mitsui & Co., Ltd. in China   |
| Motokazu Yoshida   | Senior Executive Managing Officer        | Chief Operating Officer, Americas Business Unit   |
| Ken Abe            | Senior Executive Managing Officer        | Chief Operating Officer, Europe Business Unit   |
| Hiroshi Ito*       | Senior Executive Managing Officer        | Lifestyle Business Unit; Consumer Service Business Unit; Information, Electronics and Telecommunication Business Unit   |
| Yoshiyuki Izawa    | Executive Managing Officer               | General Manager, Osaka Office   |
| Osamu Mori         | Executive Managing Officer               | Chief Operating Officer, Financial Markets Business Unit  |
| Satoru Miura       | Executive Managing Officer               | General Manager, Nagoya Office  |
| Takao Sunami       | Executive Managing Officer               | Chief Operating Officer, Machinery Business Unit  |
| Junichi Matsumoto  | Executive Managing Officer               | Chief Operating Officer, Transportation Logistics Business Unit   |
| Shunichi Miyazaki  | Executive Managing Officer               | General Manager, Internal Auditing Division   |
| Shinjiro Ogawa     | Executive Managing Officer               | Chief Operating Officer, Information, Electronics and Telecommunication Business Unit   |
| Toshimasa Furukawa | Executive Managing Officer               | Chief Operating Officer, Infrastructure Projects Business Unit  |
| Jitsuro Terashima  | Executive Managing Officer               | President & CEO, Mitsui Global Strategic Studies Institute  |

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|                   |                            |   |
|-------------------|----------------------------|---|
| Motonori Murakami | Executive Managing Officer | Assistant to Senior Executive Managing Officer (Corporate Staff Division), Assistant to Chief Financial Officer |
| Koji Nakamura     | Executive Managing Officer | Chief Operating Officer, Second Chemicals Business Unit   |
| Kenichi Yamamoto  | Executive Managing Officer | Chief Operating Officer, Lifestyle Business Unit  |
| Toshio Awata      | Managing Officer           | General Manager, Information Strategic Planning Division; Chief Information Officer                             |
| Masaaki Murakami  | Managing Officer           | President, Mitsui & Co. (Canada) Ltd.   |
| Kiyotaka Watanabe | Managing Officer           | Chief Operating Officer, Iron & Steel Products Business Unit  |
| Masaaki Fujita    | Managing Officer           | Chief Operating Officer, Foods & Retail Business Unit   |
| Junichi Mizonoue  | Managing Officer           | Chief Operating Officer, First Chemicals Business Unit  |
| Takao Omae        | Managing Officer           | President, Mitsui Brasileira Importação e Exportação S.A.   |
| Norinao Iio       | Managing Officer           | Chief Operating Officer, Energy Business Unit   |
| Osamu Koyama      | Managing Officer           | Executive Vice President, Mitsui & Co. (U.S.A.), Inc.   |
| Terukazu Okahashi | Managing Officer           | Deputy General Manager, Osaka Office  |
| Osamu Takahashi   | Managing Officer           | Chief Operating Officer, Consumer Service Business Unit   |
| Hideyo Hayakawa   | Managing Officer           | General Manager, Legal Division   |
| Hiraku Shimomaki  | Managing Officer           | President, Mitsui & Co. Deutschland GmbH  |
| Shigeru Hanagata  | Managing Officer           | Deputy Chief Operating Officer, Machinery Business Unit   |
| Masami Iijima     | Managing Officer           | Chief Operating Officer, Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit                        |
| Seiichi Tanaka    | Managing Officer           | General Manager, Human Resources & General Affairs Division   |

Note: Directors are marked with an asterisk.

**Table of Contents****CONSOLIDATED BALANCE SHEETS (Unaudited)****ASSETS**

| (Millions of Yen)  | September 30,<br>2006     | March 31,<br>2006  |
|--|---------------------------|--------------------|
| <b>Current Assets:</b>   |                           |                    |
| Cash and cash equivalents  | ¥ 706,464                 | ¥ 697,065          |
| Time deposits  | 8,343                     | 37,028             |
| Marketable securities  | 167,945                   | 26,860             |
| Trade receivables:   |                           |                    |
| Notes and loans, less unearned interest                            | 487,647                   | 439,187            |
| Accounts   | 2,112,643                 | 1,997,093          |
| Associated companies   | 170,967                   | 169,709            |
| Allowance for doubtful receivables                                 | (27,233)                  | (26,703)           |
| Inventories  | 752,497                   | 695,754            |
| Advance payments to suppliers                                      | 96,296                    | 92,150             |
| Deferred tax assets - current                                      | 26,196                    | 32,569             |
| Derivative assets  | <u>337,749</u>            | 320,134            |
| Other current assets   | 310,272                   | 265,985            |
| <b>Total current assets</b>  | <b><u>5,149,786</u></b>   | <b>4,746,831</b>   |
| <b>Investments and Non-current Receivables:</b>                    |                           |                    |
| Investments in and advances to associated companies                | 1,471,592                 | 1,300,587          |
| Other investments  | 964,794                   | 935,675            |
| Non-current receivables, less unearned interest                    | 529,142                   | 444,487            |
| Allowance for doubtful receivables                                 | (95,179)                  | (84,513)           |
| Property leased to others - at cost, less accumulated depreciation | 236,784                   | 218,583            |
| <b>Total investments and non-current receivables</b>               | <b>3,107,133</b>          | <b>2,814,819</b>   |
| <b>Property and Equipment - at Cost:</b>                           |                           |                    |
| Land, land improvements and timberlands                            | 197,256                   | 203,170            |
| Buildings, including leasehold improvements                        | 354,725                   | 349,904            |
| Equipment and fixtures   | 466,658                   | 472,069            |
| Mineral rights   | 165,543                   | 80,953             |
| Vessels  | 22,339                    | 22,376             |
| Projects in progress   | 126,162                   | 55,278             |
| <b>Total</b>   | <b>1,332,683</b>          | <b>1,183,750</b>   |
| Accumulated depreciation   | (459,162)                 | (437,581)          |
| <b>Net property and equipment</b>                                  | <b>873,521</b>            | <b>746,169</b>     |
| <b>Intangible Assets, less Accumulated Amortization</b>            | <b>82,011</b>             | <b>98,811</b>      |
| <b>Deferred Tax Assets - Non-current</b>                           | <b><u>46,492</u></b>      | <b>47,947</b>      |
| <b>Other Assets</b>  | <b>118,661</b>            | <b>119,001</b>     |
| <b>Total</b>   | <b>¥ <u>9,377,604</u></b> | <b>¥ 8,573,578</b> |



**Table of Contents****LIABILITIES AND SHAREHOLDERS EQUITY**

| (Millions of Yen)  | September 30,<br>2006 | March 31,<br>2006  |
|--|-----------------------|--------------------|
| <b>Current Liabilities:</b>  |                       |                    |
| Short-term debt  | ¥ 772,800             | ¥ 540,797          |
| Current maturities of long-term debt                                 | 359,413               | 353,185            |
| Trade payables:  |                       |                    |
| Notes and acceptances  | 118,715               | 100,402            |
| Accounts   | 2,046,939             | 1,762,224          |
| Associated companies   | 100,313               | 108,252            |
| Accrued expenses:  |                       |                    |
| Income taxes   | 44,704                | 63,739             |
| Interest   | 22,015                | 22,485             |
| Other  | 75,238                | 72,848             |
| Advances from customers  | 118,105               | 104,500            |
| Derivative liabilities   | 259,030               | 214,460            |
| Other current liabilities  | 168,455               | 168,049            |
| <b>Total current liabilities</b>                                     | <b>4,085,727</b>      | <b>3,510,941</b>   |
| <b>Long-Term Debt, less Current Maturities</b>                       | <b>2,699,250</b>      | <b>2,658,735</b>   |
| <b>Accrued Pension Costs and Liability for Severance Indemnities</b> | <b>37,822</b>         | <b>36,769</b>      |
| <b>Deferred Tax Liabilities Non-current</b>                          | <b>334,321</b>        | <b>318,911</b>     |
| <b>Other Long-Term Liabilities</b>                                   | <b>254,306</b>        | <b>252,155</b>     |
| <b>Minority Interests</b>  | <b>136,720</b>        | <b>118,160</b>     |
| <b>Shareholders Equity:</b>  |                       |                    |
| Common stock   | 295,797               | 295,766            |
| Capital surplus  | 390,545               | 390,488            |
| Retained earnings:   |                       |                    |
| Appropriated for legal reserve                                       | 38,860                | 38,508             |
| Unappropriated   | 955,286               | 825,306            |
| Accumulated other comprehensive income (loss):                       |                       |                    |
| Unrealized holding gains and losses on available-for-sale securities | 205,376               | 216,099            |
| Foreign currency translation adjustments                             | (56,536)              | (83,279)           |
| Minimum pension liability adjustment                                 | (5,407)               | (5,417)            |
| Net unrealized gains and losses on derivatives                       | 8,090                 | 2,439              |
| <b>Total accumulated other comprehensive income (loss)</b>           | <b>151,523</b>        | <b>129,842</b>     |
| Treasury stock, at cost  | (2,553)               | (2,003)            |
| <b>Total shareholders equity</b>                                     | <b>1,829,458</b>      | <b>1,677,907</b>   |
| <b>Total</b>   | <b>¥ 9,377,604</b>    | <b>¥ 8,573,578</b> |



**Table of Contents****STATEMENTS OF CONSOLIDATED INCOME****Unaudited**

| (Millions of Yen)   | Six-Month<br>Period ended<br>September 30,<br>2006 | Six-Month<br>Period ended<br>September 30,<br>2006 |
|---|--|--|
| <b>Revenues:</b>  |  |  |
| Sales of products   | ¥ 1,984,093  | ¥ 1,597,353  |
| Sales of services   | 270,894  | 234,550  |
| Other sales   | <u>69,628</u>                                      | 52,240   |
| <b>Total revenues</b>   | <b><u>2,324,615</u></b>                            | <b>1,884,143</b>                                   |
| Total Trading Transactions:   |  |  |
| Six-month period ended September 30, 2006: ¥7,622,220 million   |  |  |
| Six-month period ended September 30, 2005: ¥7,048,604 million   |  |  |
| <b>Cost of Revenues:</b>  |  |  |
| Cost of products sold   | 1,797,340  | 1,440,016  |
| Cost of services sold   | 68,112   | 45,510   |
| Cost of other sales   | 38,268   | 23,416   |
| <b>Total cost of revenues</b>   | <b>1,903,720</b>                                   | <b>1,508,942</b>                                   |
| <b>Gross Profit</b>   | <b><u>420,895</u></b>                              | <b>375,201</b>                                     |
| <b>Other Expenses (Income):</b>   |  |  |
| Selling, general and administrative   | 285,019  | 259,167  |
| Provision for doubtful receivables  | 1,610  | 1,218  |
| Interest expense, net of interest income  | 17,920   | 9,835  |
| Dividend income   | (28,119)   | (16,074)   |
| Gain on sales of securities net   | (26,545)   | (14,074)   |
| Loss on write-down of securities  | 3,207  | 3,499  |
| Gain on disposal or sales of property and equipment net   | (1,236)  | (216)  |
| Impairment loss of long-lived assets  | 9,964  | 4,771  |
| Compensation and other charges related to DPF incident  | (3,864)  | 9,000  |
| Other expense net   | <u>22,331</u>                                      | 328  |
| <b>Total other expenses</b>   | <b><u>280,287</u></b>                              | <b>257,454</b>                                     |
| <b>Income from Continuing Operations before Income Taxes, Minority Interests and Equity in Earnings</b> | <b><u>140,608</u></b>                              | <b>117,747</b>                                     |

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|   |                  |          |
|---|------------------|----------|
| <b>Income Taxes:</b>  |                  |          |
| Current   | <u>67,620</u>    | 46,782   |
| Deferred  | <u>(8,887)</u>   | 16,799   |
| Total   | <u>58,733</u>    | 63,581   |
| <b>Income from Continuing Operations before Minority Interests and Equity in Earnings</b> | <u>81,875</u>    | 54,166   |
| <b>Minority Interests in Earnings of Subsidiaries</b>                                     | (5,203)          | (9,001)  |
| <b>Equity in Earnings of Associated Companies Net (After Income Tax Effect)</b>           | 74,512           | 38,828   |
| <b>Income from Continuing Operations</b>  | <u>151,184</u>   | 83,993   |
| <b>Income from Discontinued Operations Net (After Income Tax Effect)</b>                  | 3,271            | (800)    |
| <b>Net Income</b>   | <u>¥ 154,455</u> | ¥ 83,193 |

Note: In accordance with SFAS No.144, the figures for the six-month period ended September 30, 2005 relating to discontinued operations have been reclassified.



**Table of Contents****STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY (Unaudited)**

| (Millions of Yen)  | Six-Month<br>Period ended<br>September 30,<br>2006 | Year<br>ended<br>March 31,<br>2006 |
|--|--|------------------------------------|
| <b>Common Stock:</b>   |  |                                    |
| Balance at beginning of period                                       | ¥ 295,766  | ¥ 192,493                          |
| Issuance of common stock   |  | 102,576                            |
| Common stock listed upon conversion of bonds                         | 31   | 697                                |
| Balance at end of period   | 295,797  | 295,766                            |
| <b>Capital Surplus:</b>  |  |                                    |
| Balance at beginning of period                                       | 390,488  | 288,048                            |
| Issuance of common stock   |  | 101,733                            |
| Conversion of bonds  | 31   | 695                                |
| Gain on sales of treasury stock                                      | 26   | 12                                 |
| Balance at end of period   | 390,545  | 390,488                            |
| <b>Retained Earnings:</b>  |  |                                    |
| <b>Appropriated for legal reserve:</b>                               |  |                                    |
| Balance at beginning of period                                       | 38,508   | 37,018                             |
| Transfer from unappropriated retained earnings                       | 352  | 1,490                              |
| Balance at end of period   | 38,860   | 38,508                             |
| <b>Unappropriated:</b>   |  |                                    |
| Balance at beginning of period                                       | 825,306  | 656,032                            |
| Net income   | <u>154,455</u>                                     | 202,409                            |
| Cash dividends paid  | (24,123)   | (31,645)                           |
| Dividends paid per share   |  |                                    |
| Six-month period ended September 30, 2006, ¥14.0                     |  |                                    |
| Year ended March 31, 2006, ¥20.0                                     |  |                                    |
| Transfer to retained earnings appropriated for legal reserve         | (352)  | (1,490)                            |
| Balance at end of period   | <u>955,286</u>                                     | 825,306                            |
| <b>Accumulated Other Comprehensive Income (Loss)</b>                 |  |                                    |
| <b>(After Income Tax Effect)</b>                                     |  |                                    |
| Balance at beginning of period                                       | 129,842  | (49,551)                           |
| Unrealized holding gains and losses on available-for-sale securities | (10,723)   | 115,920                            |
| Foreign currency translation adjustments                             | <u>26,743</u>                                      | 59,508                             |
| Minimum pension liability adjustments                                | 10   | 274                                |
| Net unrealized gains and losses on derivatives                       | 5,651  | 3,691                              |
| Balance at end of period   | <u>151,523</u>                                     | 129,842                            |

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|   |                  |           |
|---|------------------|-----------|
| <b>Treasury stock, at cost:</b>   |                  |           |
| Balance at beginning of period  | (2,003)          | (1,212)   |
| Purchases of treasury stock   | (647)            | (862)     |
| Sales of treasury stock   | 97               | 71        |
| Balance at end of period  | (2,553)          | (2,003)   |
| <b>Summary of Changes in Equity from Nonowner Sources Comprehensive income:</b> |                  |           |
| Net income  | <u>154,455</u>   | 202,409   |
| Other comprehensive income<br>(After income tax effect):                        |                  |           |
| Unrealized holding gains and losses on available-for-sale securities            | (10,723)         | 115,920   |
| Foreign currency translation adjustments  | <u>26,743</u>    | 59,508    |
| Minimum pension liability adjustment  | 10               | 274       |
| Net unrealized gains and losses on derivative                                   | 5,651            | 3,691     |
| Changes in equity from nonowner sources   | <u>¥ 176,136</u> | ¥ 381,802 |

Note: Appropriations of retained earnings are reflected in the consolidated financial statements upon shareholders' approval.

**Table of Contents****STATEMENTS OF CONSOLIDATED CASH FLOWS****(Supplementary Information) (Unaudited)**

| (Millions of Yen)   | Six-Month<br>Period ended<br>September 30,<br>2006 | Six-Month<br>Period ended<br>September 30,<br>2005 |
|---|--|--|
| <b>Operating Activities:</b>  |  |  |
| Net Income  | ¥ 154,455  | ¥ 83,193   |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |
| (Income) loss from discontinued operations net (after income tax effect)          | (3,271)  | 800  |
| Depreciation and amortization   | 38,909   | 36,030   |
| Pension and severance costs, less payments  | (751)  | 3,213  |
| Provision for doubtful receivables  | 1,610  | 1,218  |
| Gain on sales of securities net   | (26,545)   | (14,074)   |
| Loss on write-down of securities  | 3,207  | 3,499  |
| Gain on disposal or sales of property and equipment net                           | (1,236)  | (216)  |
| Impairment loss of long-lived assets  | 9,964  | 4,771  |
| Deferred income taxes   | (8,887)  | 16,799   |
| Minority interests of earnings of subsidiaries                                    | 5,203  | 9,001  |
| Equity in earnings of associated companies, less dividends received               | (20,256)   | (11,108)   |
| Changes in operating assets and liabilities:                                      |  |  |
| Increase in trade receivables   | (186,372)  | (51,660)   |
| Increase in inventories   | (51,785)   | (37,159)   |
| Increase in trade payables  | 131,931  | 40,666   |
| Other net   | (7,675)  | (47,508)   |
| Net cash used in operating activities of discontinued operations                  | (2,541)  | (3,431)  |
| <b>Net cash provided by operating activities</b>                                  | <b>35,960</b>                                      | <b>34,034</b>                                      |
| <b>Investing Activities:</b>  |  |  |
| Net (increase) decrease in time deposits  | 28,491   | (1,651)  |
| Net increase in investments in and advances to associated companies               | (68,313)   | (53,318)   |
| Net increase in other investments   | (64,472)   | (72,949)   |
| Net decrease in long-term loan receivables  | 11,598   | 23,240   |
| Net increase in property leased to others and property and equipment              | (139,316)  | (79,917)   |
| <b>Net cash used in investing activities</b>                                      | <b>(232,012)</b>                                   | <b>(184,595)</b>                                   |

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|   |                  |                  |
|---|------------------|------------------|
| <b>Financing Activities:</b>  |                  |                  |
| Net increase in short-term debt                                     | 210,089          | 81,594           |
| Net increase in long-term debt                                      | 50               | 114,607          |
| Capital contribution from minority interests                        | 17,095           |                  |
| Purchases of treasury stock net                                     | (440)            | (346)            |
| Payments of cash dividends  | (24,123)         | (15,824)         |
| <b>Net cash provided by financing activities</b>                    | <b>202,671</b>   | <b>180,031</b>   |
| <b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b> | <b>2,780</b>     | <b>8,755</b>     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>         | <b>9,399</b>     | <b>38,225</b>    |
| <b>Cash and Cash Equivalents at Beginning of Period</b>             | <b>697,065</b>   | <b>791,810</b>   |
| <b>Cash and Cash Equivalents at End of Period</b>                   | <b>¥ 706,464</b> | <b>¥ 830,035</b> |

Note: In accordance with SFAS No. 144, the figures for the six-month period ended September 30, 2005 relating to discontinued operations have been reclassified.

**Table of Contents****OPERATING SEGMENT INFORMATION****(Unaudited)**

The companies allocate their resources and review their performance by operating segments comprised of the business units of the Head Office, overseas branches and offices, and overseas trading subsidiaries. The companies' operating segments have been aggregated based on the nature of the products and other criteria into six product-focused reportable operating segments and four region-focused reportable operating segments.

Six-month period ended September 30, 2006 (from April 1, 2006 to September 30, 2006)

(Millions of Yen)

|  | Iron & Steel<br>Products | Iron & Steel<br>Raw Materials<br>and<br>Non-Ferrous<br>Metals | Machinery &<br>Infrastructure<br>Projects | Chemical                   | Energy           | Foods & Retail | Lifestyle,<br>Consumer<br><br>Service,<br>Information,<br>Electronics<br>and<br>Telecommunication | Logistics &<br>Financial<br>Markets |
|--|--------------------------|---|---|----------------------------|------------------|----------------|---|-------------------------------------|
| Total Trading Transactions                 | 676,584                  | 846,549   | 1,029,226                                 | 1,153,972                  | 1,038,187        | 941,603        | 725,425   | 90,191                              |
| Gross Profit                               | 27,820                   | 57,758  | 46,976                                    | 51,431                     | <u>38,355</u>    | 40,600         | 61,911  | 30,590                              |
| Operating Income (Loss)                    | 12,256                   | 45,734  | 7,161                                     | 16,934                     | <u>22,231</u>    | 7,145          | 6,961   | 12,841                              |
| Equity in Earnings of Associated Companies | 1,443                    | 31,738  | 13,056                                    | 2,576                      | 17,866           | 1,512          | 3,464   | 900                                 |
| Net Income (Loss)                          | 9,442                    | 62,162  | 18,012                                    | 10,405                     | <u>27,785</u>    | (4,152)        | 3,281   | 6,370                               |
| Total Assets at September 30, 2006         | 610,718                  | 969,767   | 1,458,086                                 | 917,917                    | <u>1,319,464</u> | 723,136        | 801,978   | 774,065                             |
|  | Americas                 | Europe  | Asia                                      | Other<br>Overseas<br>Areas | Total            | All Other      | Adjustments<br>and<br>Eliminations  | Consolidated<br>Total               |
| Total Trading Transactions                 | 591,791                  | 230,265   | 258,611                                   | 34,893                     | 7,617,297        | 3,879          | 1,044   | 7,622,220                           |
| Gross Profit                               | 31,890                   | 10,821  | 13,096                                    | 2,390                      | <u>413,638</u>   | 4,180          | 3,077   | <u>420,895</u>                      |
| Operating Income (Loss)                    | 11,738                   | 1,698   | 4,426                                     | (109)                      | <u>149,016</u>   | (1,512)        | (13,238)  | <u>134,266</u>                      |
| Equity in Earnings of Associated Companies | 1,696                    | 166   | 102                                       | 273                        | 74,792           | 58             | (338)   | 74,512                              |
| Net Income (Loss)                          | 9,123                    | 1,979   | <u>3,584</u>                              | 6,734                      | <u>154,725</u>   | 4,212          | (4,482)   | <u>154,455</u>                      |
| Total Assets at September 30, 2006         | 464,618                  | 152,412   | <u>189,328</u>                            | 89,459                     | <u>8,470,948</u> | 2,958,306      | (2,051,650)   | <u>9,377,604</u>                    |

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Six-month period ended September 30, 2005 (from April 1, 2005 to September 30, 2005) (Restated)

(Millions of Yen)

|   | <b>Iron &amp; Steel</b> |                    |                       |   |               |                           | <b>Lifestyle,<br/>Consumer<br/>Service,<br/>Information,<br/>Electronics<br/>and<br/>Logistics &amp;<br/>Financial</b> |                |  |
|---|-------------------------|--------------------|-----------------------|---|---------------|---------------------------|--|----------------|--|
|   | <b>Raw Materials</b>    |                    |                       | <b>Machinery &amp;<br/>Infrastructure</b> |               |                           |  |                |  |
|   | <b>Iron &amp; Steel</b> | <b>Non-Ferrous</b> | <b>Infrastructure</b> | <b>Other</b>                              |               | <b>Adjustments</b>        |  |                |  |
|   | <b>Products</b>         | <b>Metals</b>      | <b>Projects</b>       | <b>Chemical</b>                           | <b>Energy</b> | <b>Foods &amp; Retail</b> | <b>Telecommunication</b>   | <b>Markets</b> |  |
| Total Trading Transactions                    | 699,381                 | 862,791            | 1,057,463             | 1,001,076                                 | 779,793       | 920,665                   | 687,695  | 43,608         |  |
| Gross Profit                                  | 27,635                  | 55,420             | 41,576                | 46,052                                    | 33,299        | 42,454                    | 60,752   | 20,131         |  |
| Operating Income (Loss)                       | 12,928                  | 44,782             | 9,692                 | 14,790                                    | 15,519        | 6,031                     | 10,006   | 6,107          |  |
| Equity in Earnings of<br>Associated Companies | 1,576                   | 9,487              | 6,489                 | 2,129                                     | 14,121        | 1,722                     | 807  | 1,803          |  |
| Net Income (Loss)                             | 9,296                   | 26,005             | 12,803                | 2,332                                     | 14,200        | 3,568                     | 5,616  | 5,229          |  |
| Total Assets at<br>September 30, 2005         | 551,025                 | 795,334            | 1,149,442             | 787,339                                   | 1,143,621     | 714,139                   | 757,024  | 518,894        |  |
|   | <b>Overseas</b>         |                    |                       |   |               |                           | <b>and<br/>Consolidated</b>  |                |  |
|   | <b>Americas</b>         | <b>Europe</b>      | <b>Asia</b>           | <b>Areas</b>                              | <b>Total</b>  | <b>All Other</b>          | <b>Eliminations</b>  | <b>Total</b>   |  |
| Total Trading Transactions                    | 523,975                 | 194,074            | 242,423               | 34,833                                    | 7,047,777     | 4,442                     | (3,615)  | 7,048,604      |  |
| Gross Profit                                  | 24,081                  | 10,520             | 12,365                | 2,274                                     | 376,559       | 3,842                     | (5,200)  | 375,201        |  |
| Operating Income (Loss)                       | 5,286                   | 2,694              | 5,170                 | 368                                       | 133,373       | (1,777)                   | (16,780)   | 114,816        |  |
| Equity in Earnings of<br>Associated Companies | 1,011                   | 134                | 56                    | 281                                       | 39,616        | 94                        | (882)  | 38,828         |  |
| Net Income                                    | 3,977                   | 2,692              | 4,550                 | 6,668                                     | 96,936        | 5,333                     | (19,076)   | 83,193         |  |
| Total Assets at<br>September 30, 2005         | 463,062                 | 146,515            | 177,014               | 76,274                                    | 7,279,683     | 2,753,193                 | (1,825,839)  | 8,207,037      |  |

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Notes:

1. In accordance with SFAS No.144, the figures of Consolidated Total for the six-month period ended September 30, 2005 have been reclassified. The reclassifications to Income (Loss) from Discontinued Operations Net (After Income Tax Effect) are included in Adjustments and Eliminations.
2. All Other includes business activities which primarily provide services, such as financing service and operation services to external customers and/or to the companies and associated companies. Total assets of All Other at September 30, 2006 and 2005 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of certain subsidiaries related to the above services.
3. Net loss of Adjustments and Eliminations includes income and expense items that are not allocated to specific reportable operating segments, such as certain expenses of the corporate departments, and eliminations of intersegment transactions.
4. Transfers between operating segments are made at cost plus a markup.
5. Operating Income (Loss) reflects the companies a) Gross Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables.
6. Starting from the year ended March 31, 2006, Iron & Steel Products and Iron & Steel Raw Materials and Non-Ferrous Metals which formally composed the Metal Products & Minerals, and Foods & Retail, which was formally included in Consumer Products & Services are disclosed as a separate product-focused reportable operating segment, and Electronics & Information, which was formally included in the Machinery, Electronics & Information is aggregated to Life Style and Consumer Service, which were formally included in Consumer Products & Services and disclosed as Life Style, Consumer Service, Information, Electronics and Telecommunication. Machinery and Infrastructure Projects, which were formally included in Machinery, Electronics & Information, are disclosed as Machinery & Infrastructure Projects. Also, starting from the six-month period ended September 30, 2006, Mitsui & Co., Financial Services (Europe) which was formerly included in Europe, is transferred to All Other, in order to centralize the operation of financing services to the companies and associated companies. The operating segment information for the six-month period ended September 30, 2005 has been restated to conform to the current period presentation.

**Table of Contents****BALANCE SHEETS (Unaudited)****ASSETS**

|   | <b>Six-Month<br/>Period ended</b> | <b>Year<br/>ended</b>     |
|---|-----------------------------------|---------------------------|
|   | <b>September 30,<br/>2006</b>     | <b>March 31,<br/>2006</b> |
| <b>(Millions of Yen)</b>  |                                   |                           |
| <b>Current Assets</b>   |                                   |                           |
| Cash and Time Deposits  | ¥ 329,818                         | ¥ 420,540                 |
| Notes Receivable, Trade   | 267,934                           | 241,929                   |
| Accounts Receivable, Trade  | 1,473,768                         | 1,368,569                 |
| Securities  | 261,053                           | 21,449                    |
| Inventories   | 199,898                           | 223,949                   |
| Advance Payments to Suppliers                                       | 42,600                            | 44,291                    |
| Short-Term Loans Receivable   | 147,161                           | 188,343                   |
| Deferred Tax Assets - Current                                       | 14,977                            | 19,200                    |
| Other   | 222,448                           | 239,140                   |
| Allowance for Doubtful Receivables                                  | (15,549)                          | (15,801)                  |
| <b>Total Current Assets</b>   | <b>2,944,111</b>                  | <b>2,751,614</b>          |
| <b>Non-Current Assets</b>   |                                   |                           |
| Tangible Assets (Net)   | 93,570                            | 95,598                    |
| Intangible Assets   | 24,331                            | 23,116                    |
| Investments and Other Assets:                                       |                                   |                           |
| Investments in Securities and Subsidiaries and Associated Companies | <u>1,633,937</u>                  | 1,560,592                 |
| Ownership in Subsidiaries and Associated Companies                  | 317,483                           | 264,670                   |
| Long-Term Loans Receivable  | 192,519                           | 180,374                   |
| Other   | 185,907                           | 179,616                   |
| Allowance for Doubtful Receivables                                  | (93,874)                          | (93,072)                  |
| Total Investments and other Assets                                  | <u>2,235,972</u>                  | 2,092,181                 |
| <b>Total Non-Current Assets</b>                                     | <b><u>2,353,874</u></b>           | <b>2,210,896</b>          |
| <b>Total Assets</b>   | <b><u>5,297,985</u></b>           | <b>4,962,510</b>          |



**Table of Contents****LIABILITIES, NET ASSETS AND SHAREHOLDERS EQUITY**

| (Millions of Yen)  | Six-Month<br>Period ended | Year<br>ended     |
|--|---------------------------|-------------------|
|  | September 30,<br>2006     | March 31,<br>2006 |
| <b>Current Liabilities</b>   |                           |                   |
| Notes Payable, Trade   | ¥ 62,371                  | ¥ 55,561          |
| Accounts Payable, Trade  | 1,133,243                 | 1,072,438         |
| Short-Term Borrowings  | 334,224                   | 215,602           |
| Commercial Paper   | 48,000                    | 50,000            |
| Accounts Payable, Other  | 201,940                   | 87,838            |
| Advances from Customers  | 43,398                    | 44,719            |
| Reserve for Directors' Bonuses                                     | 121                       |                   |
| Other  | 128,318                   | 126,622           |
| <b>Total Current Liabilities</b>                                   | <b>1,951,619</b>          | <b>1,652,782</b>  |
| <b>Long-Term Liabilities</b>                                       |                           |                   |
| Bonds  | 508,400                   | 518,400           |
| Convertible Bonds  | 91,320                    | 91,382            |
| Long-Term Borrowings   | 1,474,267                 | 1,476,864         |
| Liability for Retirement Benefits                                  | 6,823                     | 5,842             |
| <u>Allowance for the obligation for guarantees and commitments</u> | <u>4,872</u>              |                   |
| Deferred Tax Liabilities - Non-Current                             | <u>74,257</u>             | 68,192            |
| Other  | 56,979                    | 58,040            |
| <b>Total Long-Term Liabilities</b>                                 | <b><u>2,216,920</u></b>   | <b>2,218,720</b>  |
| <b>Total Liabilities</b>   | <b><u>4,168,539</u></b>   | <b>3,871,502</b>  |
| <b>Net Assets</b>  |                           |                   |
| <b>Shareholders' Equity</b>  |                           |                   |
| Common Stock   | 295,797                   |                   |
| Capital Surplus:   |                           |                   |
| Capital Reserve  | 322,219                   |                   |
| Other Capital Surplus  | 45                        |                   |
| <b>Total Capital Surplus</b>                                       | <b>322,265</b>            |                   |
| <b>Retained Earnings</b>   |                           |                   |
| Legal Reserve  | 27,745                    |                   |
| Other Retained Earnings:   |                           |                   |
| General Reserve  | 176,851                   |                   |
| Special Reserve  | 1,619                     |                   |
| Reserve for Loss on Overseas Investments                           | 4,211                     |                   |
| Reserve for Tax-Deductible Write-down of Tangible Assets           | 1,482                     |                   |
| Retained Earnings Brought Forward                                  | <u>123,502</u>            |                   |
| Total Retained Earnings  | <u>335,413</u>            |                   |
| Treasury Stock   | (2,366)                   |                   |
| <b>Total Shareholders' Equity</b>                                  | <b><u>951,109</u></b>     |                   |
| <b>Difference of Appreciation and Conversion</b>                   |                           |                   |
| Net Unrealized Gain on Available-for-Sale Securities               | 181,808                   |                   |

(continued on next page)



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(continued from previous page)

|   |                         |
|---|-------------------------|
| Deferred Gains or Losses on Hedges                          | (3,472)                 |
| <b>Total Difference of Appreciation and Conversion</b>      | <b>178,336</b>          |
| <b>Total Net Assets</b>                                     | <b><u>1,129,445</u></b> |
| <b>Total Liabilities and Net Assets</b>                     | <b><u>5,297,985</u></b> |
| <b>Shareholders Equity</b>                                  |                         |
| <b>Common Stock</b>   | 295,766                 |
| <b>Capital Surplus</b>                                      |                         |
| Capital Reserve   | 322,189                 |
| Other Capital Surplus                                       | 32                      |
| <b>Total Capital Surplus</b>                                | 322,221                 |
| <b>Retained Earnings</b>                                    |                         |
| Legal Reserve   | 27,745                  |
| Voluntary Reserves  | 185,144                 |
| Unappropriated Retained Earnings                            | 75,191                  |
| <b>Total Retained Earnings</b>                              | <b>288,081</b>          |
| <b>Net Unrealized Gain on Available-for-Sale Securities</b> | <b>186,853</b>          |
| <b>Treasury Stock</b>                                       | <b>(1,914)</b>          |
| <b>Total Shareholders Equity</b>                            | <b>1,091,007</b>        |
| <b>Total Liabilities and Shareholders Equity</b>            | <b>4,962,510</b>        |

Notes:

- Figures less than ¥1 million are rounded down.
- For the six-month period ended September 30, 2006, the amounts of items listed below were as follows:

|  |   |                          |
|--|---|--------------------------|
| (1) Accumulated Depreciation of tangible assets:   | ¥ | 86,955 million           |
| (2) Assets pledged as security:  | ¥ | 93,349 million           |
| (3) Guarantees and contingent liabilities:   |   |                          |
| Guarantees:  | ¥ | <u>1,336,808</u> million |
| Commitments and other letters similar to guarantees amounting to ¥74,867 million are included in guarantees. |   |                          |
| Notes receivable discounted:   | ¥ | 53,902 million           |

**Table of Contents****STATEMENTS OF INCOME (Unaudited)**

| (Millions of Yen)  | Six-Month<br>Period ended<br>September 30,<br>2006 | Six-Month<br>Period ended<br>September 30,<br>2005(*) |
|--|--|---|
| <b>Sales</b>   | ¥ 5,625,429  | ¥ 5,434,172   |
| Cost of Sales  | 5,512,747  | 5,328,740   |
| <b>Gross Profit</b>  | 112,682  | 105,431   |
| Selling, General and Administrative Expenses   | 100,900  | 98,785  |
| <b>Operating Profit</b>  | 11,781   | 6,646   |
| <b>Non-Operating Income</b>  |  |   |
| Interest Income  | 8,250  | 8,603   |
| Dividend Income  | 81,797   | 69,309  |
| Other  | 6,207  | 6,433   |
| Total Non-Operating Income   | 96,255   | 84,346  |
| <b>Non-Operating Expenses</b>  |  |   |
| Interest Expense   | 16,290   | 11,192  |
| Other  | 7,149  | 6,376   |
| Total Non-Operating Expenses   | 23,440   | 17,568  |
| <b>Ordinary Profit</b>   | 84,596   | 73,423  |
| <b>Extraordinary Gains</b>   |  |   |
| Gain on Sales of Tangible Assets   | 34   | 120   |
| Gain on Sales of Investments in Securities and Subsidiaries and Associated Companies         | 25,502   | 9,008   |
| Gain on Reversal of Provision for Doubtful Receivables                                       | 947  | 1,076   |
| Gain on Reversal of Compensation and Other Charges Related to DPF Incident                   | 3,864  |   |
| Total Extraordinary Gains  | 30,348   | 10,204  |
| <b>Extraordinary Losses</b>  |  |   |
| Loss on Sales of Tangible Assets   | 238  | 249   |
| Impairment Losses  | 201  | 2,455   |
| Loss on Sale of Investments in Securities and Subsidiaries and Associated Companies          | 212  | 296   |
| Loss on Write-Down of Investments in Securities and Subsidiaries and Associated Companies    | 6,789  | 5,920   |
| Provision for Doubtful Receivables from Securities and Subsidiaries and Associated Companies | 3,665  | 1,956   |
| <u>Provision for the obligation for guarantees and commitments</u>                           | <u>4,872</u>                                       |   |
| Compensation and Other Charges Related to DPF Incident                                       |  | 9,000   |
| Total Extraordinary Losses   | <u>15,980</u>                                      | 19,878  |

(\*) Supplementary information

[Continued on next page]

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|  |               |          |
|--|---------------|----------|
| <b>Income before Income Taxes</b>                        | <u>98,964</u> | 63,750   |
| Income Taxes - Current                                   | 11,072        | 6,845    |
| Income Taxes - Deferred                                  | <u>16,207</u> | 20,599   |
| <b>Net Income</b>  | <u>71,685</u> | 36,305   |
| Unappropriated Retained Earnings at Beginning of Period  |               | 16,507   |
| <b>Unappropriated Retained Earnings at end of period</b> | ¥             | ¥ 52,813 |

Notes:

1. Figures less than ¥1 million are rounded down.
2. Net income per share for the six-month period ended September 30, 2006: ¥41.60.

**Table of Contents****CHANGES IN SHAREHOLDERS EQUITY (Unaudited)**

(April 1, 2006 to September 30, 2006)

(Unit: Millions of Yen)

|  | Capital Surplus |                 | Shareholders Equity   |                       | Retained Earnings |                 |                 |  |
|--|-----------------|-----------------|-----------------------|-----------------------|-------------------|-----------------|-----------------|--|
|  | Common Stock    | Capital Reserve | Other Capital Surplus | Total Capital Surplus | Legal Reserve     | General Reserve | Special Reserve | Other Retained Earnings Reserve for Loss on Overseas Investments |
| Balance as of March 31, 2006   | 295,766         | 322,189         | 32                    | 322,221               | 27,745            | 176,851         | 1,619           | 5,075  |
| Changes during Interim Period  |                 |                 |                       |                       |                   |                 |                 |  |
| New Share Issuance   | 31              | 30              |                       | 30                    |                   |                 |                 |  |
| Reversal of Reserve for Loss on Overseas Investments                 |                 |                 |                       |                       |                   |                 |                 | (863)  |
| Reversal of Reserve for Tax-Deductible Write-down of Tangible Assets |                 |                 |                       |                       |                   |                 |                 |  |
| Dividend from Surplus  |                 |                 |                       |                       |                   |                 |                 |  |
| Bonuses to Directors   |                 |                 |                       |                       |                   |                 |                 |  |
| Net Income   |                 |                 |                       |                       |                   |                 |                 |  |
| Acquisition of Treasury Stock  |                 |                 |                       |                       |                   |                 |                 |  |
| Disposal of Treasury Stock   |                 |                 | 13                    | 13                    |                   |                 |                 |  |
| Changes to Items other than Shareholders Equity (net)                |                 |                 |                       |                       |                   |                 |                 |  |
| Total Changes during Interim Period                                  | 31              | 30              | 13                    | 43                    |                   |                 |                 | (863)  |
| Balance as of September 30, 2006                                     | 295,797         | 322,219         | 45                    | 322,265               | 27,745            | 176,851         | 1,619           | 4,211  |

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|  | Shareholders Equity                                      |                                   |                         |         | Treasury Stock | Total Shareholders Equity | Difference of Appreciation and Conversion            |                                    |   | Total Net Assets |
|--|--|-----------------------------------|-------------------------|---------|----------------|---------------------------|--|------------------------------------|---|------------------|
|  | Other Retained Earnings                                  | Retained Earnings                 | Total Retained Earnings |         |                |                           | Net Unrealized Gain on Available-for-Sale Securities | Deferred Gains or Losses on Hedges | Total Difference of Appreciation and Conversion |                  |
|  | Reserve for Tax-Deductible Write-down of Tangible Assets | Retained Earnings Brought Forward | Total Retained Earnings |         |                |                           |  |                                    |   |                  |
| Balance as of March 31, 2006   | 1,597  | 75,191                            | 288,081                 | (1,914) | 904,154        | 186,853                   |  | 186,853                            | 1,091,007                                       |                  |
| Changes during Interim Period  |  |                                   |                         |         |                |                           |  |                                    |   |                  |
| New Share Issuance   |  |                                   |                         |         | 61             |                           |  |                                    | 61  |                  |
| Reversal of Reserve for Loss on Overseas Investments                 |  | 863                               |                         |         |                |                           |  |                                    |   |                  |
| Reversal of Reserve for Tax-Deductible Write-down of Tangible Assets | (114)  | 114                               |                         |         |                |                           |  |                                    |   |                  |
| Dividend from Surplus  |  | (24,123)                          | (24,123)                |         | (24,123)       |                           |  |                                    | (24,123)  |                  |
| Bonuses to Directors   |  | (230)                             | (230)                   |         | (230)          |                           |  |                                    | (230)   |                  |
| Net Income   |  | <u>71,685</u>                     | <u>71,685</u>           |         | <u>71,685</u>  |                           |  |                                    | <u>71,685</u>                                   |                  |
| Acquisition of Treasury Stock  |  |                                   |                         | (475)   | (475)          |                           |  |                                    | (475)   |                  |
| Disposal of Treasury Stock   |  |                                   |                         | 23      | 36             |                           |  |                                    | 36  |                  |
| Changes to Items other than Shareholders Equity (net)                |  |                                   |                         |         |                | (5,044)                   | (3,472)  | (8,516)                            | (8,516)   |                  |
| Total Changes during Interim Period                                  | (114)  | <u>48,310</u>                     | <u>47,331</u>           | (452)   | <u>46,954</u>  | (5,044)                   | (3,472)  | (8,516)                            | <u>38,438</u>                                   |                  |
| Balance as of September 30, 2006                                     | 1,482  | <u>123,502</u>                    | <u>335,413</u>          | (2,366) | <u>951,109</u> | 181,808                   | (3,472)  | 178,336                            | <u>1,129,445</u>                                |                  |

These financial statements, which are on a non-consolidated basis, have been

prepared in accordance with accounting principles generally accepted in Japan.

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### **Management Philosophy (MVV)**

#### **Mission**

We will contribute to the creation of a future where the dreams of the inhabitants of our irreplaceable Earth can be fulfilled.

#### **Vision**

We aim to become a global business enabler that can meet the needs of our customers throughout the world.

#### **Values**

Making it a principle to be fair and humble, we, with sincerity and in good faith, will strive to be worthy of the trust society places in us.

With lofty aspirations and from an honest perspective, we will pursue business that benefits society.

Always taking on the challenge of new fields, we will dynamically create business that can lead the times.

Making the most of our corporate culture that fosters Freedom and Open-mindedness, we will fully demonstrate our abilities as a corporation as well as individuals.

In order to nurture human resources full of creativity and a superior sense of balance, we will provide our people with a workplace for self-development as well as self-realization.

#### **Shareholders information**

|  |   |
|--|---|
| Fiscal year end  | March 31  |
| Record date  | March 31  |
| Interim dividend record date                             | September 30  |
| General Shareholders Meeting                             | June  |
| Manager of the Register of Shareholders<br>(head office) | The Chuo Mitsui Trust & Banking Company Limited<br>33-1 Shiba, 3-chome<br>Minato-ku, Tokyo  |
| Contact information for above                            | The Chuo Mitsui Trust & Banking Company Limited, Stock<br>Transfer Agency Division<br>8-4 Izumi, 2-chome<br>Suginami-ku, Tokyo<br>168-0063<br>Tel: 0120-78-2031 (free dial) |
| Representative branches for transfer agent               | The Chuo Mitsui Trust & Banking Company Limited (various<br>locations around the country)   |



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