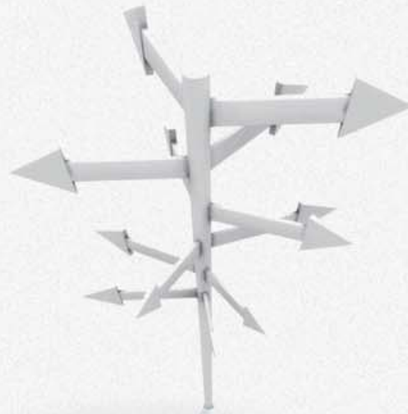
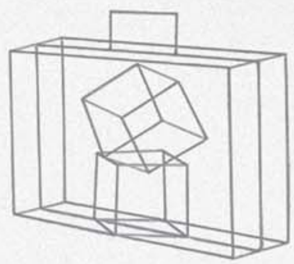
Annual Report 2008

Year ended March 31, 2008



Leading-Edge Logistics
Solutions Provider



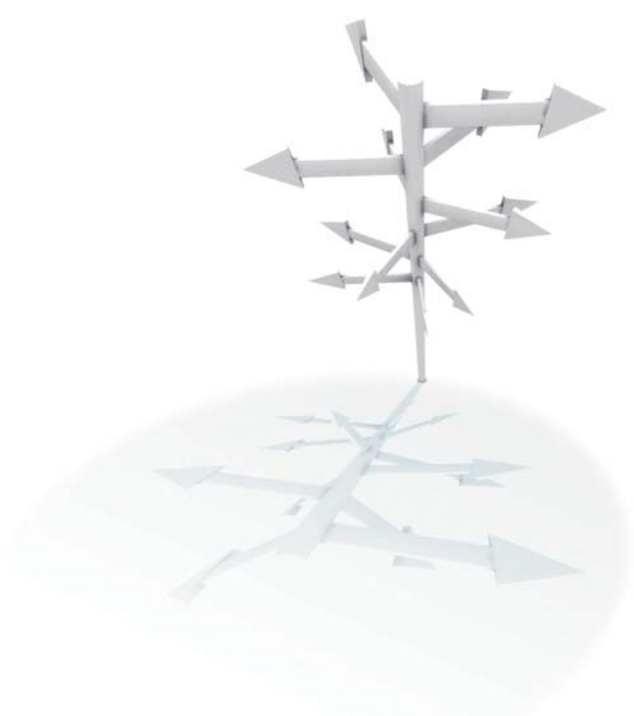
MITSUI-SOKO CO., LTD.

Profile

Mitsui-Soko Co., Ltd. ("the Company") was established in 1909. During the intervening years, Mitsui-Soko and its consolidated subsidiaries (hereafter "the Group") have steadily expanded their bases in principal cities across Japan while enlarging warehouse operations. Today, the Group provides a diverse range of logistics services in Japan and overseas, including port terminal operations and overland transportation, as well as a domestic real estate business that specializes in building leasing.

In addition to offering these traditional services, the Group believes that its mission is to provide customers with services suited to their particular current needs, as well as anticipating their future needs. Therefore, the Group strives to offers integrated management of actual logistics for every stage of each customer's business operations, from production to sales, including the accompanying information.

The Mitsui-Soko Group's policy is to supply logistics functions that are indispensable to the basic flow of industries such as transportation and storage, while contributing to society through logistics. We continue to manage the business in consideration of corporate value and capital cost, while responding quickly to changes in the corporate environment and business fundamentals.



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Forward-looking Statements

Forward-looking statements made in this annual report concerning performance or business strategies have been determined according to assumptions and beliefs based on information available at the time, and contain elements of risk and uncertainty.

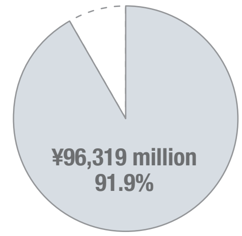
BUSINESS LINES

Logistics Business

Utilizing its proprietary know-how and information systems, Mitsui-Soko engages in a wide-ranging Logistics business that covers freight storage operations, port terminal operations, overland transportation, value-added operations, international combined transportation, international consolidated transport services, and air cargo handling services. The freight storage operations include storage, sorting, customs clearance and delivery. The port terminal operations include loading and unloading container ships, loading freight onto conventional ships, and sorting and storing freight at wharfs and warehouses. The overland transportation operations handle items ranging from general merchandise to specialized cargo. The value-added operations include inspection, price-tagging, and sorting of delivered goods.

Mitsui-Soko also offers logistics system services that integrate overseas operations, domestic transportation, customs clearance and domestic deliveries into a customized logistics flow. In addition, Mitsui-Soko offers new services that respond closely to the needs of customers, such as business process outsourcing (BPO)*[1] and third party logistics (3PL)*[2] to support the enhancing of corporate value.

*[1] A more advanced form of outsourcing that provides consultation and services extending to all business processes.
*[2] Comprehensive services covering the establishment, management and operation of logistics to support customers' supply chain management.

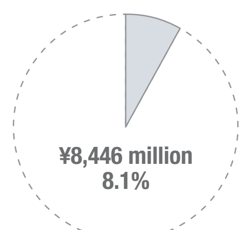


Net Sales by Business Segment
Fiscal 2008

Real Estate Business

Drawing on its extensive know-how about land use cultivated over long years, Mitsui-Soko engages in the redevelopment of urban real estate. We presently manage and operate office buildings equipped with advanced information technology. Representative examples are the MSC Center Building in the Tokyo bayside area and the Mitsui-Soko Hakozaki Building.

With this type of building, our facilities in Tokyo's Koto Ward are set to play a key role in the future. The MSC Fukagawa Building, a commercial rental building featuring a quake-absorbent structure and advanced management security, opened in August 2006. The MSC Fukagawa No. 2 Building which will provide multipurpose space for IT and other companies is on schedule to be completed in December 2008.



Net Sales by Business Segment
Fiscal 2008

Mitsui-Soko Highlights in Fiscal 2008

In April 2007, the Mitsui-Soko Group launched "Medium-Term Plan 2007," a three-year management plan that establishes the three core policies of maximizing profits by accelerating a qualitative conversion of existing businesses, maximizing cash return by enhancing capital efficiency, and assuring implementation of internal controls.

During the fiscal year ended March 31, 2008, the first year of "Medium-Term Plan 2007", we extended high value-added services built around new business domains such as business process outsourcing (BPO) and third-party logistics (3PL), and pursued an active program of capital investment in strategic facilities to provide the needed infrastructure for those services. We also expanded our global network, strengthened our internal control framework for business processes, and renewed our internal information systems.

The Group's consolidated performance in the fiscal year under review saw net sales post a year-on-year increase of 2.3% to ¥104,371 million and operating income post a slight gain of 2.4% to ¥6,660 million. These results reflect the delay of the benefits of this capital investment and these measures until subsequent fiscal periods, decreases in handling volumes of some household appliances in North America and Southeast Asia, and the effect on domestic port transportation due to the reorganization of service routes of principal client shipping companies. As gains on the sale of investment securities and other positive effects were offset by termination of real estate contracts etc., net income fell 45.6% to ¥1,788 million.

"Medium-Term Plan 2007"

Targets for the plan's final year (the fiscal year ending March 31, 2010)

Operating income	¥9,500 million
Operating margin	8.5%
ROA	Over 7.0%
ROE	Over 8.0%

TOPICS

Expanding corporate value through capital investment in facilities

The Group began redeveloping existing facilities and developing new facilities in the capital region, which is considered a key area in our logistics strategy. We also adopted a capital investment plan detailing the expansion and new construction of records centers in an effort to expand high value-added services such as our BPO business.

Completion of the Company's largest strategic logistics facility

The Misato Logistics Center, the Company's largest in total floor area (71,700 m²), was completed in Soka City, Saitama Prefecture, an area known for its excellent logistics access to Japan's capital and northern Kanto regions.

The Center is one of our strategic logistics facilities in the capital region. We plan to complete others under construction on schedule, including rebuilding of some Atsugi warehouse buildings (scheduled for completion in August 2008 in Kanagawa prefecture), the construction of the MSC Fukagawa No. 2 Building (scheduled for completion in December 2008 in Koto Ward, Tokyo), and the construction of the Tatsumi Warehouse (tentative name, scheduled for completion in January 2009 in Koto Ward, Tokyo).

Misato Logistics Center (completed in April 2008)

Expansion and new construction of records centers in the capital region, Kansai region, and Kyushu region

The Group will construct a new wing at the Machida Records Center (commenced operation in December 2004 in Machida City, Tokyo), which continues to serve as a key facility. It will have the same high level of security as the existing structure in terms of both structural integrity and management. We also plan to build the Ibaraki Records Center in Ibaraki City, Osaka, a location that offers seismic stability and easy access to metropolitan Osaka. In Kyushu, wholly owned subsidiary Mitsui-Soko Kyushu acquired a warehouse located in central Fukuoka City which it will operate as the Fukuoka Records Center. It is now under renovation to add a series of structural improvements including the enhancement of security to the level required by this type of facility.

Machida Records Center, new wing (right side of building) artist's conception (scheduled for completion in January 2010)

Ibaraki Records Center, artist's conception (scheduled for completion in December 2009)

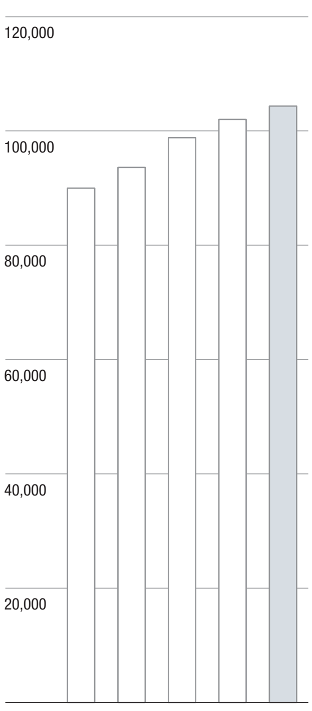
Consolidated Financial Highlights

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

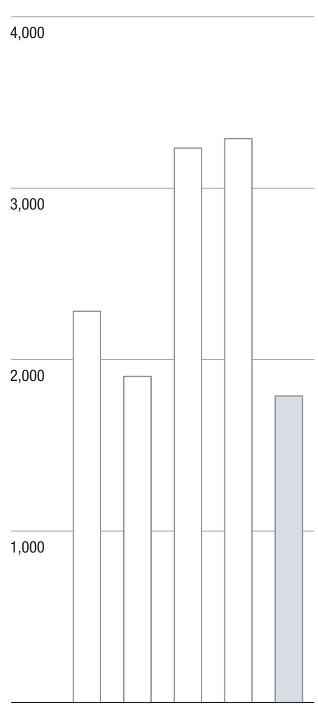
	Millions of Yen		Thousands of U.S. Dollars
For the year:	2008	2007	2008
Net sales	**¥ 104,371**	¥ 102,036	**$ 1,041,729**
Net income	**1,788**	3,289	**17,842**
At year-end:			
Total assets	**¥ 139,458**	¥ 138,279	**$ 1,391,940**
Net assets	**55,127**	59,456	**550,224**
Per share of common stock:	Yen		U.S. Dollars
Basic net income	**¥ 13.33**	¥ 23.92	**$ 0.13**
Cash dividends applicable to the year	**8.00**	8.00	**0.08**

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥100.19 to $1, the approximate rate of exchange at March 31, 2008. (See Note 1 of the Notes to Consolidated Financial Statements)

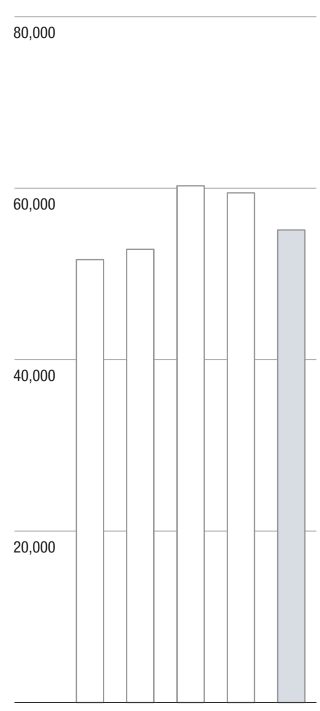
Net Sales
(Millions of yen)



Net Income
(Millions of yen)



Net Assets
(Millions of yen)



An Interview with the President

Kazuo Tamura
President

What can you tell us about current business conditions?

During this fiscal year, the Japanese economy continued on a course of gradual but long-term expansion as corporate profits improved. Since the beginning of 2008, the economy has been showing a tendency to decelerate, a reflection of factors such as the rising cost of crude oil and other resources, the deepening of the subprime mortgage crisis in the United States and its spread to the global economy, and an associated decline in stock prices. Overseas, BRICs economies continued to grow at a fast pace. However, it seems the subprime mortgage crisis will extend over a prolonged period and cause a further slowdown in the global economy.

In the logistics industry, in spite of the recent strong growth in import and export freight, there are some signs of concern such as a decline in exports to the United States. Market conditions for the domestic freight businesses remained challenging due to customer demand for cost-cutting measures and intensifying competition among other companies in our field.

Our consolidated financial results in FY2008 show strong performance in the real estate business and the domestic logistics business. The latter was a consequence of the impact of the first full year of revenue from the Nishiharu Warehouse, a new facility that began operations in Kita-Nagoya in July 2006, together with an increase in the volume of document storage. However, net sales and operating income grew only slightly over the previous year as the benefits of capital investment and other measures undertaken in line with the core policies outlined in "Medium-Term Plan 2007" will begin contributing from the next fiscal year. In addition, results were affected by a temporary decrease in the volume of some household appliances handled in North America and Southeast Asia, due to a pause between product generations, and the effects on domestic port transportation of the change in service routes by key client shipping companies. Net income fell dramatically from the previous year as gains on the sale of investment securities and other positive developments were offset by factors such as termination fees for real estate contracts.

We took into account our basic policy that the Company maintains a consistent and stable dividend, based on the prospect of medium- and long-term profits and financial conditions. As the result, the Company paid a year-end dividend of ¥4 per share. The total dividend for the year including the mid-year dividend was ¥8, the same as for the previous fiscal year.

Where did the Company focus its effort this year, the first of the "Medium-Term Plan 2007" new three-year plan?

We undertook a capital investment program in strategic facilities in order to achieve the plan's goals of maximizing profits by accelerating a qualitative conversion of existing business and maximizing cash return by enhancing investment efficiency.

In Tokyo, Saitama and Kanagawa, considered a key area in our logistics strategy, we began redeveloping existing facilities and developing new facilities. As the first step in this program, in April 2008 we completed the Misato Logistics Center in Soka City, Saitama, an area known for its excellent logistics access to Japan's capital and northern Kanto regions. In addition to the largest total floor space of any of our facilities, the Center features an unprecedented structural design that gives priority to operational efficiency, for example by linking all four stories with ramps to facilitate easy truck access. The building, which includes office space for customer use, also operates as an extremely convenient tenant-occupied logistics center.

As part of efforts to grow our business process outsourcing (BPO) business, we're also working to expand our records centers, which are dedicated to the storage of confidential documents and records media. In November 2007, we completed the Hokkai Mitsui Warehouse Records Center (located in Kitahiroshima City, Hokkaido) and adopted a capital investment plan for records centers by rebuilding and developing facilities in the Kansai and Kyushu regions. The plan calls for the Ibaraki Records Center, scheduled for completion in December 2009, to serve as a strategic facility in the expansion of our BPO business in Kansai by leveraging its location which offers seismic stability and easy access to Osaka.

The basic approach behind the capital investment program including this plan is to increase our cash return and corporate value through a series of capital investments. We will continue to actively execute this strategic investment program in accordance with an appropriate financial strategy that seeks to improve capital efficiency while carefully gauging market trends.

What is the policy for developing the business in overseas countries?

We're providing detailed logistics services in each local area by building a global network that is geared to accommodate trends in customer needs through partnerships with our local subsidiaries and partners. During this fiscal year, we worked to strengthen our European network, particularly in East European countries such as the Czech Republic and Poland, in response to Japanese companies opening manufacturing bases in the region.

In Plzen, our second most important operations base in the Czech Republic after Prague, a new warehouse with a total floor space of 10,000 square meters was built to manage the increase in volume handled by the existing warehouse. This new facility, which began operation in October 2007, not only provides just-in-time (JIT) transport operations and inventory management for parts and materials used in LCD panels and other household appliances, but has also begun to offer a range of services including manufacturing precursors such as simple processing and sorting.

We launched our third facility in the Czech Republic in the northwestern industrial city of Lovosice in December 2007. Located about 60 kilometers from Prague, the city has river port and rail terminals and is widely used as a transit point for product distribution into Germany, the Netherlands, and Russia. With extremely convenient access to a number of metropolitan areas by expressway—Dresden is just two hours away and Berlin four—the site is an ideal logistics gateway to eastern Germany and Central and Eastern Europe.

Our Prague office and warehouse has received Integrated Management System* (IMS) certification and is working to improve logistics quality, conserve the environment, and maintain occupational health and safety standards. Our facilities in Plzen and Lovosice will be working to receive the same certification.

Our Group's strength in the still immature markets of Eastern Europe lies in our inventory management and freight tracking computer systems built during our long experience as logistics experts. Many Japanese companies with a presence in Eastern Europe are manufacturers that also operate production facilities in Asia, so I believe our achievement in Asian countries brought this success.

I foresee an increasing number of companies establishing their bases in Eastern Europe due to the area's advantages of comparatively lower-cost transport to Western European countries thanks to its geographic proximity, and lower labor and land costs. Our Group plans to create the optimal logistics services, even overseas, by enhancing local services that locate facilities near the customer, as well as by building a new logistics network in anticipation of the development of Eastern European infrastructure, and by adding a proper NVO network and AIR agents to meet the needs of a new era.

* A system combining three systems, the ISO 9001:2001 quality management system, the ISO 14001:2005 environmental management system, and the OHSAS 18001:1999 occupational health and safety management system. The examining authority is BVQI Czech Republic (Bureau Veritas Quality International's Czech affiliate).

Could you describe some of the initiatives you're undertaking to ensure the reliable implementation of internal controls?

In addition to the establishment of a Board of Directors, Board of Corporate Auditors, Managing Council, Remuneration Committee, Compliance Committee, Corporate Value Improvement Committee, and Information Security Committee, efforts to strengthen corporate governance include separating business execution and management supervision functions by introducing an executive officer system, and clarifying the operational authority and responsibilities of directors and executive officers. Additionally, our internal audit departments are working not only to prevent risk and hasten its discovery, but also to strengthen and centralize risk management through initiatives such as the standardization and documentation of operations, and the introduction of an internal reporting system.

Initiatives associated with these activities during this fiscal year included strengthening our internal management structures for operational processes and renovating our internal information systems.

We are also working to strengthen our compliance framework for operations. After strengthening companywide compliance structures related to our bonded operations, we applied for approval under the Authorized Warehouse Operators' Program for the 35 bonded warehouses operated by the Company (under the jurisdiction of customs authorities in Tokyo, Yokohama, Nagoya, Osaka, and Kobe). This program, part of the Japanese implementation of the Authorized Economic Operators (AEO) program for approved operators of bonded warehouses and related facilities with an outstanding record of compliance, took effect for warehouse operators in October 2007.

As a result, the Company was approved under the Authorized Warehouse Operators' Program by the Director General of Tokyo Customs in March 2008. This approval extends the bonded warehouse approval term from the normal six years to eight, lets us set up bonded warehouses after notifying customs, reduces associated costs, provides comprehensive approval (and renewal) procedures, and allows us to make use of customs inspections that take into account our record of compliance.

What is the Company's stance on environmental issues?

Like other sectors, the logistics and warehouse industry is being called upon to promote green management by pursuing company business with a regard for environmental conservation and efforts to improve the environment. The Mitsui-Soko Group considers environmental conservation to be an important element of its management, and we are striving to contribute to environmental conservation and earn an even higher level of trust from society by undertaking environmentally friendly business activities.

With regard to green management, we have received the Green Management Certification from the Foundation for Promoting Personal Mobility and Ecological Transportation* each year since 2005. Currently all Group transport companies (17 offices) and 41 warehouse offices are certified as environmentally responsible offices in terms of energy conservation and waste product processing.

We are also undertaking a program to improve the energy efficiency of our warehouses. To reduce our energy consumption, we are installing high-efficiency transformers and high-performance cooling equipment such as freezers and ventilation heat control systems.

* The accreditation organization officially recognized by the Ministry of Land, Infrastructure, Transport and Tourism.

What is your approach to mergers and acquisitions?

The Company has a medium-term management strategy that aims to effectively utilize management resources while strengthening each company's structure and partnerships within the Group. We pursue mergers and acquisitions when we judge them to be necessary under this strategy.

In fiscal 2008, we acquired all shares in a logistics subsidiary from a client company and launched MSC Logistics (East), Inc.

While focusing on chemical products manufactured and sold by the former shareholder, this new company handled a broad range of freight such as paper products and food in the Kanto region.

For the former shareholder, it made sense in light of an ongoing effort to outsource its logistics departments as part of a program to streamline management. For us, the attractions of the new company included the ability to expand our fields of operation and our group network, and utilization of its assets.

As a member of the Mitsui-Soko Group, the new company will contribute to the Group's overall profitability by smoothly conducting its business and utilizing its facilities and know-how in a variety of ways.

What can you tell us about the outlook for the next fiscal year?

Regarding the outlook for the fiscal year ending March 31, 2009, the Japanese economy is expected to continue to slow for the time being in the face of ongoing increases in resource prices combined with the slowdown in the U.S. economy caused by the subprime mortgage crisis and its effects on the global economy.

Based on this global slowdown, the logistics industry is expected to experience a decline in import and export freight movements despite the robust conditions in the previous year. Challenging conditions are also expected to continue for domestic freight in the absence of any indication that volume may increase.

The Mitsui-Soko Group will launch a series of new strategic facilities in line with their scheduled completion under the "Medium-Term Plan 2007", and we will work to steadily improve our performance to achieve the numerical targets established for the fiscal year ending March 31, 2010, the final year of the plan.

Qualified by uncertainty regarding the future direction of the economy and reflecting contributions from these newly operational facilities, we are forecasting net sales of ¥106.0 billion (an increase of 1.6%), operating income of ¥7.3 billion (an increase of 9.6%), and net income of ¥3.5 billion (an increase of 95.8%) for the next fiscal year.

Do you have a message for the Company's shareholders?

Structural changes in the logistics industry accompanying the ongoing globalization of the economic and business environment will continue, along with intensifying competition, and the streamlining and rationalization of logistics management. We will continue to actively develop high value-added, safe, and reliable logistics systems using information and communications technologies as well as establishing and expanding domestic and overseas sales offices. Through these measures, we aim to increase the convenience for existing customers and meet the demands of new customers.

Our basic management policy is enhancing corporate value by continuously expanding the scale of our business and its operating profits. In using surplus funds, we give priority to new and highly profitable investments that are expected to keep growing revenue over the long term. In determining dividend payments, in principle they reflect the business performance and theoretical net income calculated by subtracting corporate tax and other amounts from consolidated operating profit. In consideration of medium- and long-term profit levels and financial circumstances, our approach to dividend payments is to be consistent and stable so that the dividend is not unduly affected by a temporary deterioration in performance.

In keeping with this policy, we currently anticipate distributing profits for the next fiscal year of ¥9, that is ¥4.50 per share mid-year and ¥4.50 per share at year end, up ¥1 from this fiscal year.

I look forward to shareholders' understanding and support of the management positions that I have described here.

Directors, Corporate Auditors and Executive Officers

Directors

President	Kazuo Tamura*
Senior Managing Director	Jiro Kaeriyama*
Managing Director	Yoshimasa Hayashi*
Managing Director	Shinichiro Sasao*
Managing Director	Hiromi Sugimoto
Director	Katsumi Namiki
Director	Gengo Kakimi
Director	Shigeru Shiraishi
Director	Soji Takekuma
Director	Toshio Ohura
Outside Director	Yasuaki Nakazawa
Outside Director	Seiichi Fujita

*Representative

Corporate Auditors

Senior Corporate Auditor	Katsuhisa Nagata
Corporate Auditor	Takeshi Namiki
Outside Corporate Auditor	Kenichi Fujiwara
Outside Corporate Auditor	Osamu Nakamoto
Outside Corporate Auditor	Hideki Nakagome

Executive Officers

Chief Executive Officer	Kazuo Tamura
Chief Operating Officer, Corporate Administration, Information Operation and Real Estate Business; Chief Financial Officer	Jiro Kaeriyama
Chief Operating Officer, Domestic Marketing Operations	Yoshimasa Hayashi
Chief Operating Officer, General Affairs, Human Resources, Risk Management and Compliance	Shinichiro Sasao
Chief Operating Officer, Port Terminal Operations	Hiromi Sugimoto
Senior Executive Officer, LIT and BPO Promotion	Katsumi Namiki
Senior Executive Officer, International Marketing Operations and Overseas Business Operations	Gengo Kakimi
Senior Executive Officer, Kansai Regional Operations	Shigeru Shiraishi
Senior Executive Officer, Kanto Regional Operations	Soji Takekuma
Executive Officer, Kyushu Regional Operations	Fujihiro Horiba
Executive Officer, Chubu Regional Operations	Eiji Michise
Executive Officer, Corporate Administration	Makoto Ikari
Executive Officer, Port Terminal Operations	Akimasa Noro
Executive Officer, Human Resources and Risk Management	Yukihiro Nakaya

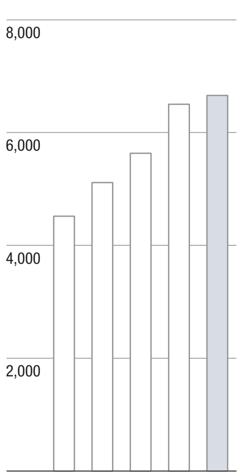
From left: Hiromi Sugimoto, Yoshimasa Hayashi, Kazuo Tamura, Jiro Kaeriyama, Shinichiro Sasao

Consolidated Five-Year Summary of Selected Financial Data

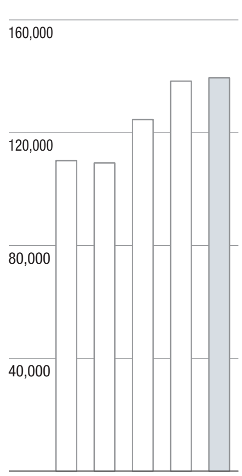
MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen					Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	2005	2004	2008
For the year:						
Net sales	**¥ 104,371**	¥ 102,036	¥ 98,843	¥ 93,638	¥ 90,007	**$ 1,041,729**
Operating income	**6,660**	6,504	5,635	5,116	4,519	**66,469**
Net income	**1,788**	3,289	3,234	1,903	2,282	**17,842**
Net cash provided by operating activities	**8,179**	7,641	7,303	8,840	6,903	**81,637**
At year-end:						
Total assets	**¥ 139,458**	¥ 138,279	¥ 124,632	¥ 109,278	¥ 110,063	**$ 1,391,940**
Net assets	**55,127**	59,456	60,281	52,872	51,669	**550,224**
Per share of common stock (in yen and U.S. dollars):						
Basic net income	**¥ 13.33**	¥ 23.92	¥ 22.91	¥ 13.36	¥ 16.23	**$ 0.13**
Net assets	**403.17**	429.32	432.23	379.06	370.53	**4.02**
Cash dividends applicable to the year	**8.00**	8.00	7.50	7.00	6.00	**0.08**
Ratios:						
Equity ratio (%)	**38.4**	41.9	48.4	48.4	46.9	
Return on equity (%)	**3.2**	5.6	5.7	3.6	4.6	
Interest coverage ratio (times)	**9.2**	14.5	12.7	13.9	8.2	
Price/Earnings ratio (times)	**43.0**	32.6	29.9	30.2	23.0	
Number of employees	**3,137**	3,126	3,047	2,981	2,859	
Number of shareholders	**6,816**	6,201	8,128	8,096	8,300	

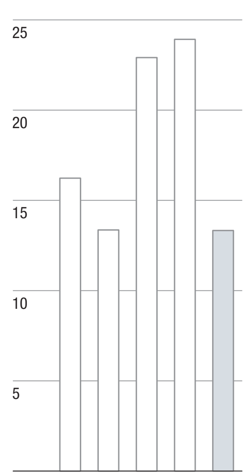
Operating Income
(Millions of yen)



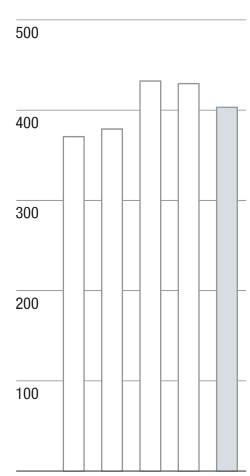
Total Assets
(Millions of yen)



Basic Net Income per Share
(Yen)



Net Assets per Share
(Yen)



Management's Discussion and Analysis

Business Results

Net Sales

During the fiscal year ended March 2008, consolidated net sales increased ¥2,335 million (2.3%) to ¥104,371 million as strength in general logistics operations offset a contraction in port transport operations. Domestic net sales advanced ¥1,969 million (2.3%) to ¥88,012 million. Overseas net sales rose ¥280 million (1.4%) to ¥20,026 million due in part to a weak yen. Corporate eliminations fell ¥85 million to ¥3,667 million.

Net sales in the Logistics business rose ¥2,081 million (2.2%) to ¥96,319 million, while net sales in the Real Estate business increased ¥262 million (3.2%) to ¥8,446 million.

Cost of Sales and SG&A Expenses

Cost of sales rose ¥1,816 million (2.0%) to ¥91,071 million as a result of increased net sales. Cost of sales as a percentage of net sales fell 0.2 percentage points to 87.3%. Selling, general and administrative (SG&A) expenses rose ¥363 million (5.8%) to ¥6,640 million.

Operating Income

Operating income rose ¥156 million (2.4%) to ¥6,660 million, primarily as a result of increased net sales. Operating income in the Logistics business fell ¥188 million (3.8%) to ¥4,794 million as lower income overseas offset growth in general logistics operations. Operating income in the Real Estate business rose ¥269 million (5.9%) to ¥4,808 million as new facilities began contributing throughout the year.

Other Income (Expenses)

Other expenses—net rose ¥2,019 million (264.6%) to ¥2,782 million, compared to ¥763 million the previous fiscal year. The increase reflects the influence of fees incurred for the termination of real estate contracts and losses from the write-down of securities due to a decrease in market prices.

Net interest expense after deducting interest and dividend income from interest expense increased ¥233 million from ¥275 million in the last year to ¥508 million.

Net Income

Income before taxes and minority interests fell ¥1,863 million (32.5%) to ¥3,878 million. Income taxes as a percentage of income before income taxes and minority interests rose 11.2 percentage points to 52.2% from last year's 41.0%, 11.5 percentage points higher than Japan's effective statutory tax rate of 40.7%. This was due in part to the elimination of inter-company dividend payments.

Net income fell ¥1,501 million (45.6%) to ¥1,788 million and net income per share decreased ¥10.59 to ¥13.33 from last year's ¥23.92.

Financial Position

Assets and Equity

Total assets increased ¥1,179 million to ¥139,458 million as capital investment and an increase in the number of consolidated subsidiaries offset a decrease in investment securities due to a downturn in the stock market.

Equity fell ¥4,329 million to ¥55,127 million as share buy-backs and a reduction in unrealized gains on available for sale securities offset an increase in retained earnings.

Cash Flows

Net cash provided by operating activities grew ¥538 million to ¥8,179 million as a decrease in accounts receivable offset a drop in net income. Net cash used in investing activities fell ¥4,904 million to ¥13,600 million, reflecting a fall in expenditures associated with the acquisition of tangible fixed assets. Net cash provided by financing activities fell ¥8,824 million from the previous fiscal year, when corporate bonds were issued, to ¥4,324 million as a result of the acquisition of treasury stock and long and short-term borrowing to fund activities such as capital investments.

As a result of these activities, cash and cash equivalents, end of year decreased ¥1,121 million to ¥7,680 million.

Consolidated Balance Sheets

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
CURRENT ASSETS:			
Cash and cash equivalents	¥ 7,680	¥ 8,801	$ 76,658
Time and other deposits other than cash equivalents	309	388	3,081
Marketable securities (Notes 3 and 4)	9		90
Receivables:			
Trade notes and accounts	15,974	16,790	159,438
Unconsolidated subsidiaries and associated companies	102	81	1,013
Other	932	1,125	9,304
Deferred tax assets (Note 8)	1,232	768	12,296
Other current assets	2,249	2,097	22,448
Allowance for doubtful accounts	(85)	(69)	(846)
Total current assets	28,402	29,981	283,482
PROPERTY, PLANT AND EQUIPMENT (Note 4):			
Land	27,843	22,102	277,906
Buildings and structures	121,542	119,970	1,213,112
Machinery and equipment	14,238	14,044	142,106
Other	7,577	7,144	75,628
Construction in progress	8,504	3,506	84,881
Total	179,704	166,766	1,793,633
Accumulated depreciation	(94,659)	(90,035)	(944,798)
Net property, plant and equipment	85,045	76,731	848,835
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 4)	15,362	21,622	153,330
Investments in unconsolidated subsidiaries and associated companies	1,312	1,271	13,094
Long-term loans	273	279	2,723
Intangible assets (Note 4)	5,198	4,934	51,886
Prepaid pension cost (Note 5)	701	462	6,994
Deferred tax assets (Note 8)	772	658	7,707
Other assets	2,405	2,347	24,008
Allowance for doubtful accounts	(12)	(6)	(119)
Total investments and other assets	26,011	31,567	259,623
TOTAL	¥ 139,458	¥ 138,279	$ 1,391,940

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts	¥ 8,581	¥ 8,498	$ 85,651
Unconsolidated subsidiaries and associated companies	333	332	3,319
Other	1,660	1,250	16,571
Short-term borrowings (Note 4)	3,403	754	33,966
Current portion of long-term debt (Note 4)	7,950	6,262	79,352
Accrued expenses	2,425	2,526	24,207
Income taxes payable	1,272	1,182	12,694
Deposits received	4,121	3,996	41,132
Other current liabilities	712	683	7,102
Total current liabilities	30,457	25,483	303,994
LONG-TERM LIABILITIES:			
Long-term debt (Note 4)	46,085	43,384	459,977
Liability for retirement benefits (Note 5)	2,920	3,294	29,147
Deferred tax liabilities (Note 8)	2,598	4,405	25,927
Other long-term liabilities	2,271	2,257	22,671
Total long-term liabilities	53,874	53,340	537,722
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 9, 10 and 11)			
EQUITY (Notes 6 and 13):			
Common stock—authorized, 400,000,000 shares; issued, 139,415,013 shares	11,101	11,101	110,796
Capital surplus	5,563	5,563	55,527
Retained earnings	36,989	36,280	369,189
Unrealized gain on available-for-sale securities	4,747	8,517	47,379
Foreign currency translation adjustments	(763)	(639)	(7,614)
Treasury stock—at cost, 6,524,043 shares in 2008 and 4,518,079 shares in 2007	(4,060)	(2,908)	(40,519)
Total	53,577	57,914	534,758
Minority interests	1,550	1,542	15,466
Total equity	55,127	59,456	550,224
TOTAL	¥ 139,458	¥ 138,279	$ 1,391,940

Consolidated Statements of Income

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
NET SALES	¥ 104,371	¥ 102,036	$ 1,041,729
COST OF SALES	91,071	89,255	908,986
Gross profit	13,300	12,781	132,743
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,640	6,277	66,274
Operating income	6,660	6,504	66,469
OTHER INCOME (EXPENSES):			
Interest and dividend income	346	352	3,458
Interest expense	(854)	(627)	(8,521)
Foreign exchange gain—net	10	22	98
Gain on sales of investment securities	158	496	1,581
Loss on write-down of securities	(494)	(11)	(4,932)
Loss on disposals of property, plant and equipment	(205)	(607)	(2,048)
Gain on sales of property, plant and equipment—net	195	294	1,942
Loss on liquidation of receivables	(103)	(287)	(1,030)
Termination of real estates contracts	(1,000)		(9,981)
Other—net (Note 7)	(835)	(395)	(8,332)
Other expenses—net	(2,782)	(763)	(27,765)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	3,878	5,741	38,704
INCOME TAXES (Note 8):			
Current	2,208	2,054	22,035
Deferred	(184)	302	(1,836)
Total income taxes	2,024	2,356	20,199
MINORITY INTEREST IN NET INCOME	66	96	663
NET INCOME	¥ 1,788	¥ 3,289	$ 17,842

	Yen		U.S. Dollars
	2008	2007	2008
PER SHARE OF COMMON STOCK (Notes 2.p and 12):			
Basic net income	¥ 13.33	¥ 23.92	$ 0.13
Cash dividends applicable to the year	8.00	8.00	0.08

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

		Millions of Yen								
	Outstanding Number of Shares of Common Stock	*Common Stock*	*Capital Surplus*	*Retained Earnings*	*Unrealized Gain (Loss) on Available-for-sale Securities*	*Foreign Currency Translation Adjustments*	*Treasury Stock*	*Total*	*Minority Interests*	*Total Equity*
BALANCE, APRIL 1, 2006	139,370,813	¥ 11,101	¥ 5,563	¥ 34,104	¥ 10,351	¥ (824)	¥ (14)	¥ 60,281	¥	¥ 60,281
Reclassified balance as of March 31, 2006 (Note2.j)									1,538	1,538
Net income				3,289				3,289		3,289
Increase in retained earnings of newly consolidated subsidiaries				42				42		42
Cash dividends, ¥8.0 per share				(1,115)				(1,115)		(1,115)
Bonuses to directors and corporate auditors				(40)				(40)		(40)
Repurchase of treasury stock	(4,473,879)						(2,894)	(2,894)		(2,894)
Net change in the year					(1,834)	185		(1,649)	4	(1,645)
BALANCE, APRIL 1, 2007	**134,896,934**	**11,101**	**5,563**	**36,280**	**8,517**	**(639)**	**(2,908)**	**57,914**	**1,542**	**59,456**
Net income				**1,788**				**1,788**		**1,788**
Cash dividends, ¥8.0 per share				**(1,079)**				**(1,079)**		**(1,079)**
Repurchase of treasury stock	**(2,007,432)**						**(1,153)**	**(1,153)**		**(1,153)**
Disposal of treasury stock	**1,468**						**1**	**1**		**1**
Net change in the year					**(3,770)**	**(124)**		**(3,894)**	**8**	**(3,886)**
BALANCE, MARCH 31, 2008	**132,890,970**	**¥ 11,101**	**¥ 5,563**	**¥ 36,989**	**¥ 4,747**	**¥ (763)**	**¥ (4,060)**	**¥ 53,577**	**¥ 1,550**	**¥ 55,127**

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	*Capital Surplus*	*Retained Earnings*	*Unrealized Gain (Loss) on Available-for-sale Securities*	*Foreign Currency Translation Adjustments*	*Treasury Stock*	*Total*	*Minority Interests*	*Total Equity*
BALANCE, APRIL 1, 2007	**$110,796**	**$ 55,526**	**$362,118**	**$ 85,013**	**$ (6,382)**	**$ (29,026)**	**$578,045**	**$ 15,385**	**$ 593,430**
Net income			**17,842**				**17,842**		**17,842**
Cash dividends, $0.08 per share			**(10,771)**				**(10,771)**		**(10,771)**
Repurchase of treasury stock						**(11,503)**	**(11,503)**		**(11,503)**
Disposal of treasury stock		**1**				**10**	**11**		**11**
Net change in the year				**(37,634)**	**(1,232)**		**(38,866)**	**81**	**(38,785)**
BALANCE, MARCH 31, 2008	**$110,796**	**$ 55,527**	**$369,189**	**$ 47,379**	**$ (7,614)**	**$ (40,519)**	**$534,758**	**$ 15,466**	**$ 550,224**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 3,878	¥ 5,741	$ 38,704
Adjustments for:			
Income taxes—paid	(2,023)	(1,842)	(20,194)
Depreciation and amortization	5,414	5,342	54,039
Gain on sales of property, plant and equipment—net	(217)	(311)	(2,169)
Gain on sales of investment securities—net	(158)	(491)	(1,581)
Loss on disposals of property, plant and equipment	55	145	548
Loss on disposals of intangible assets	52	43	517
Loss on write-down of securities	494	11	4,932
Changes in assets and liabilities:			
Increase in allowance for doubtful accounts	20	6	201
Decrease in liability for retirement benefits	(466)	(781)	(4,650)
Decrease (increase) in notes and accounts receivable—trade	877	(263)	8,760
Increase (decrease) in notes and accounts payable—trade	50	(427)	499
Other—net	203	468	2,031
Total adjustments	4,301	1,900	42,933
Net cash provided by operating activities	8,179	7,641	81,637
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(11,494)	(18,125)	(114,725)
Proceeds from sales of property, plant and equipment	311	591	3,103
Purchases of intangible assets	(1,013)	(817)	(10,113)
Purchases of investment securities	(1,111)	(823)	(11,083)
Proceeds from sales of investment securities	671	913	6,696
Proceeds from collection of loans	144	150	1,439
Acquisition of subsidiary's stock due to change of consolidation scope	(956)		(9,544)
Other—net	(152)	(393)	(1,514)
Net cash used in investing activities	(13,600)	(18,504)	(135,741)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings—net	2,125	(1,962)	21,207
Proceeds from long-term debt	10,660	24,500	106,398
Repayments of long-term debt	(6,259)	(5,372)	(62,467)
Dividends paid	(1,079)	(1,115)	(10,771)
Repurchase of treasury stock	(1,153)	(2,894)	(11,503)
Other—net	30	(9)	298
Net cash provided by financing activities	4,324	13,148	43,162
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(24)	110	(244)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,121)	2,395	(11,186)
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR		25	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,801	6,381	87,844
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 7,680	¥ 8,801	$ 76,658

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MITSUI-SOKO Co., Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MITSUI-SOKO Co., Ltd. (the"Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to $1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Certain reclassifications have been made in the 2007 consolidated financial statements to conform to the classifications used in 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*—The consolidated financial statements as of March 31, 2008 include the accounts of the Company and its 53 significant (51 in 2007) subsidiaries (together, the"Group").

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

Investments in 5 associated companies are accounted for by the equity method.

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

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred due to its immateriality.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

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

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

Non-marketable available-for-sale securities, which are stated at cost determined by the moving-average method.

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

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

e. *Property, Plant and Equipment*—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998, and all property, plant and equipment of consolidated foreign subsidiaries. Property, plant and equipment acquired on and after April 1, 2007 are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective on April 1, 2007.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥43 million ($427 thousand).

Property, plant and equipment had been depreciated up to 95% of acquisition cost with 5% of residual value carried until previous fiscal years. However, such 5% portion of property, plant and equipment is systematically amortized over 5 years starting in the following year in which the carrying value of property, plant and equipment reaches 5% of the acquisition cost in accordance with the revised corporate tax law, which is effective for fiscal years beginning on and after April 1, 2007.

The effect of this treatment was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥142 million ($1,422 thousand).

The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 15 years for machinery and equipment.

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

g. *Intangible Assets*—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over 5 years for software.

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

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

The Group accounts for the liability for employees' retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

j. *Presentation of Equity*—On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

k. *Leases*—Leases are accounted for mainly as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

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

m. *Foreign Currency Transactions*—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated income statement to the extent that they are not hedged by forward exchange contracts.

n. *Foreign Currency Financial Statements*—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

o. *Derivatives and Hedging Activities*—The Company uses derivative financial instruments, such as interest rate swaps, to manage its exposures to fluctuations in interest rates. Interest rate swaps are utilized by the Company to reduce interest rate risks. The Company does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, with gains and losses on derivative transactions are recognized in the consolidated income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting, because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

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

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

q. *New Accounting pronouncements Lease Accounting*—On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Lessor

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new standard prescribes:1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets.
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Current—Government and corporate bonds	¥ 9	¥	$ 90
Non-current:			
Marketable equity securities	¥ 15,327	¥ 21,578	$152,974
Government and corporate bonds	35	44	356
Total	¥ 15,362	¥ 21,622	$153,330

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2007 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2008				
Securities classified as available-for-sale:				
Equity securities	¥ 5,281	¥ 8,213	¥ (198)	¥ 13,296
Debt securities	44			44
March 31, 2007				
Securities classified as available-for-sale:				
Equity securities	¥ 4,677	¥ 14,440	¥ (69)	¥ 19,048
Debt securities	44			44

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2008				
Securities classified as available-for-sale:				
Equity securities	$ 52,710	$ 81,971	$ (1,975)	$132,706
Debt securities	440	6		446

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were mainly equity securities, and carrying amount of those equity securities were ¥2,031 million ($20,268 thousand) and ¥2,530 million, respectively.

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥671 million ($6,696 thousand) and ¥913 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥158 million ($1,581 thousand) and no losses on sales, respectively, for the year ended March 31, 2008 and ¥496 million and ¥5 million, respectively, for the year ended March 31, 2007.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due in one year or less	¥ 9	$ 90
Due after one year through five years	15	150
Due after five years through ten years	20	200
Total	¥ 44	$ 440

4. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings consisted of loans from banks and insurance companies. The annual interest rates applicable to the short-term borrowings at March 31, 2008 and 2007 ranged from 1.08% to 8.00% and from 0.50% to 8.00%, respectively.

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
0.8% unsecured bonds due 2010	¥ 5,000	¥ 5,000	$ 49,905
1.53% unsecured bonds due 2012	5,000	5,000	49,905
1.38% unsecured bonds due 2011	3,000	3,000	29,943
Sub total	13,000	13,000	129,753
Loans from banks and other financial institutions, due serially to 2018 with interest rates ranging from 0.40% to 6.25 % in 2008			
Collateralized	4,320	5,862	43,117
Unsecured	36,715	30,784	366,459
Total	54,035	49,646	539,329
Less current portion	(7,950)	(6,262)	(79,352)
Long-term debt, less current portion	¥ 46,085	¥ 43,384	$459,977

Annual maturities of long-term debt at March 31, 2008, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 7,950	$ 79,352
2010	13,185	131,602
2011	10,040	100,212
2012	13,921	138,943
2013	2,858	28,523
2014 and thereafter	6,081	60,697
Total	¥ 54,035	$539,329

At March 31, 2008, the assets of ¥17,553 million ($175,201 thousand) were pledged as collateral for short-term bank loan of ¥14 million ($142 thousand) and long-term debt as follows:

	Millions of Yen	Thousands of U.S. Dollars
Marketable securities	¥ 9	$ 90
Buildings and structures—net of accumulated depreciation	14,625	145,969
Machinery and equipment—net of accumulated depreciation	11	112
Land	1,461	14,584
Intangible assets	15	151
Investment securities	1,432	14,295
Total	¥ 17,553	$175,201

5. RETIREMENT AND PENSION PLANS

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

The Company and certain consolidated domestic subsidiaries have non-contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. The Company also has a defined contribution pension plan. Other consolidated domestic subsidiaries have unfunded retirement benefit plans. Certain consolidated foreign subsidiaries have defined contribution pension plans.

The liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	¥ 9,022	¥ 9,315	$ 90,057
Fair value of plan assets	(8,715)	(11,454)	(86,986)
Unrecognized prior service benefits	608	669	6,068
Unrecognized actuarial gain	1,304	4,302	13,014
Net obligations	2,219	2,832	22,153
Prepaid pension cost	701	462	6,994
Liability for employee's retirement benefits	¥ 2,920	¥ 3,294	$ 29,147

The components of net periodic retirement benefit costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Service cost	**¥ 527**	¥ 450	**$ 5,259**
Interest cost	**137**	143	**1,372**
Expected return on plan assets	**(43)**	(36)	**(428)**
Recognized actuarial gain	**(351)**	(325)	**(3,505)**
Amortization of prior service benefits	**(61)**	(36)	**(612)**
Other	**577**	90	**5,763**
Net periodic retirement benefit costs	**¥ 786**	¥ 286	**$ 7,849**

"Other" in 2008 and 2007 includes contributions for defined contribution pension plan of ¥79 million ($792 thousand) and ¥86 million, respectively, and prior year's contributions to the pension fund for port laborers of ¥382 million ($3,818 thousand) and none, respectively.

Assumptions used for the years ended March 31, 2008 and 2007 were set forth as follows:

	2008	2007
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Recognition period of actuarial gain/loss	**14 years**	13 years
Amortization period of prior service benefits	**14 years**	13 years

6. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

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

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional, paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase treasury stock acquisition rights. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

7. OTHER INCOME (EXPENSES)

Other income (expenses)—net for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loss on disposals of software	¥ (52)	¥ (42)	$ (516)
Equity in earnings of associated companies	58	60	583
Taxes and dues	(187)	(154)	(1,865)
Prior year's contributions to the pension fund for port laborers	(382)		(3,818)
Other	(272)	(259)	(2,716)
Other (expenses) income—net	¥ (835)	¥ (395)	$ (8,332)

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2008 and 2007.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets:			
Liability for employees' retirement benefits	¥ 3,048	¥ 3,416	$ 30,425
Accrued bonuses	587	569	5,855
Property, plant and equipment	634	642	6,328
Tax loss carryforwards	882	358	8,800
Golf club memberships	86	214	859
Loss on write-down securities	198		1,974
Account payable	407		4,062
Other	858	744	8,565
Less valuation allowance	(935)	(416)	(9,330)
Total	5,765	5,527	57,538
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(3,262)	(5,849)	(32,559)
Gain on contribution of securities to the employee retirement benefit trust	(1,734)	(1,699)	(17,309)
Property, plant and equipment	(831)	(816)	(8,298)
Other	(533)	(147)	(5,315)
Total	(6,360)	(8,511)	(63,481)
Net deferred tax liabilities	¥ (595)	¥ (2,984)	$ (5,943)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2007 were as follows:

	2008	2007
Normal effective statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	1.4	0.8
Income not taxable for income tax purposes	(3.2)	(1.5)
Per capita portion of inhabitant tax	1.1	0.8
Effect of elimination of dividend income from subsidiaries for consolidation purpose	11.1	
Lower income tax rates applicable to income in certain foreign countries	0.5	0.2
Other—net	0.6	
Actual effective tax rate	52.2%	41.0%

At March 31, 2008, certain subsidiaries have tax loss carryforwards aggregating approximately ¥2,209 million ($22,047 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 24	$ 239
2010	22	224
2011	50	498
2012 and thereafter	2,113	21,086
Total	¥ 2,209	$ 22,047

9. LEASES

The Group, as a lessee, leases certain structures, computer equipment, machinery and other assets.

Total rental expenses for the years ended March 31, 2008 and 2007 were ¥6,980 million ($69,667 thousand) and ¥6,949 million, respectively, including ¥347 million ($3,463 thousand) and ¥285 million of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007 were as follows:

	As of March 31, 2008				As of March 31, 2007				As of March 31, 2008			
	Millions of Yen				Millions of Yen				Thousands of U.S. Dollars			
	Buildings and Structures	Machinery and Equipment	Other	Total	Buildings and Structures	Machinery and Equipment	Other	Total	Buildings and Structures	Machinery and Equipment	Other	Total
Acquisition cost	¥ 249	¥ 443	¥ 1,159	¥ 1,851	¥ 249	¥ 272	¥ 1,124	¥ 1,645	$ 2,485	$ 4,419	$11,569	$18,473
Accumulated depreciation	(177)	(184)	(603)	(964)	(172)	(116)	(554)	(842)	(1,767)	(1,832)	(6,024)	(9,623)
Net leased property	¥ 72	¥ 259	¥ 556	¥ 887	¥ 77	¥ 156	¥ 570	¥ 803	$ 718	$ 2,587	$ 5,545	$ 8,850

The above acquisition cost included related interest expense.

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥ 316	¥ 259	$ 3,148
Due after one year	571	544	5,702
Total	¥ 887	¥ 803	$ 8,850

The above obligations under finance leases included related interest expense.

Depreciation expense of finance leases for the years ended March 31, 2008 and 2007, which was not reflected in the accompanying consolidated statement of income and was computed by the straight-line method, was ¥347 million ($3,463 thousand) and ¥285 million, respectively.

Total lease receipts, as lessor, for the year ended March 31, 2008 was ¥25 million ($251 thousand).

Pro forma information on leased property such as acquisition cost, accumulated depreciation, receivables under finance lease, depreciation expense and interest income of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 was as follows:

	Buildings and Structures	
	Millions of Yen	Thousands of U.S. Dollars
	2008	2008
Acquisition cost	¥ 161	$ 1,608
Accumulated depreciation	(20)	(204)
Net leased property	¥ 141	$ 1,404

The above acquisition cost included related interest income.

Receivables under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2008	2008
Due within one year	¥ 32	$ 322
Due after one year	120	1,198
Total	¥ 152	$ 1,520

The above receivables under finance lease included related interest income.

Depreciation expenses was ¥17 million ($174 thousand) for the years ended March 31, 2008.

The minimum rental commitments under noncancelable operating leases as a lessee at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 639	$ 6,382
Due after one year	663	6,612
Total	¥ 1,302	$ 12,994

The Group, as a lessor, leases certain structure, office space and other assets.

Total lease revenue for the years ended March 31, 2008 and 2007 were ¥8,201 million ($81,855 thousand) and ¥7,952 million, respectively.

The minimum rental commitments under noncancelable operating leases as a lessor at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 308	$ 3,070
Due after one year	850	8,488
Total	¥ 1,158	$ 11,558

10. DERIVATIVES

The Company enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into hedge interest rate exposures incorporated within its business. Accordingly, interest rate risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

The fair value of the Company's derivative financial instruments at March 31, 2008 and 2007 are not disclosed because hedge accounting is applied to all derivative financial instruments entered into by the Company.

11. CONTINGENT LIABILITIES

At March 31, 2008, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees of loans	¥ 4,499	$ 44,901
Trade notes endorsed	26	256

12. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2008	Net Income	Weighted-average Shares	EPS	
Basic EPS:				
Net income	¥ 1,788			
Net income available to common shareholders	¥ 1,787	134,060	¥ 13.33	$ 0.13

	Millions of Yen	Thousands of Shares	Yen
Year Ended March 31, 2007	Net Income	Weighted-average Shares	EPS
Basic EPS:			
Net income	¥ 3,289		
Net income available to common shareholders	¥ 3,289	137,505	¥ 23.92

13. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2008 were approved at the Board of Directors held on May 12, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.00 ($0.04) per share	¥ 532	$ 5,306

14. SEGMENT INFORMATION

Information about industry segments, geographic segments and sales to foreign customers of the Company and subsidiaries for the years ended March 31, 2008 and 2007 were as follows:

(1) Industry Segments

a. Sales and operating income:

	Millions of Yen			
	2008			
	Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 96,170	¥ 8,201	¥	¥ 104,371
Intersegment sales	149	245	(394)	
Total sales	96,319	8,446	(394)	104,371
Operating expenses	91,525	3,638	2,548	97,711
Operating income	¥ 4,794	¥ 4,808	¥ (2,942)	¥ 6,660

b. Total assets, depreciation and capital expenditures:

	Millions of Yen 2008 Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Total assets	¥ 89,604	¥ 25,885	¥ 23,969	¥ 139,458
Depreciation	3,535	1,730	149	5,414
Capital expenditures	10,169	2,349	1	12,519

a. Sales and operating income:

	Thousands of U.S. Dollars 2008 Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Sales to customers	$959,874	$ 81,855	$	$1,041,729
Intersegment sales	1,492	2,441	(3,933)	
Total sales	961,366	84,296	(3,933)	1,041,729
Operating expenses	913,514	36,306	25,440	975,260
Operating income	$ 47,852	$ 47,990	$ (29,373)	$ 66,469

b. Total assets, depreciation and capital expenditures:

	Thousands of U.S. Dollars 2008 Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Total assets	$894,340	$258,363	$239,237	$1,391,940
Depreciation	35,284	17,272	1,483	54,039
Capital expenditures	101,502	23,444	6	124,952

a. Sales and operating income:

	Millions of Yen 2007 Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 94,083	¥ 7,953	¥	¥ 102,036
Intersegment sales	155	231	(386)	
Total sales	94,238	8,184	(386)	102,036
Operating expenses	89,256	3,645	2,631	95,532
Operating income	¥ 4,982	¥ 4,539	¥ (3,017)	¥ 6,504

b. Total assets, depreciation, impairment loss and capital expenditures:

	Millions of Yen 2007 Logistics	Real Estate	Eliminations/ Corporate	Consolidated
Total assets	¥ 85,217	¥ 21,999	¥ 31,063	¥ 138,279
Depreciation	3,452	1,727	163	5,342
Capital expenditures	16,056	2,217	22	18,295

Notes: 1. "Logistics" consists of warehousing, port terminal operation, overland transportation and international combined transportation.
2. "Real estate" consists substantially of lease of real estate.
3. Operating expenses of ¥2,942 million ($29,373 thousand) in 2008 and ¥3,017 million in 2007 which are included in "Eliminations/corporate," consist of the expenses incurred by the administrative section of the Company.
4. Total assets of ¥23,973 million ($239,272 thousand) in 2008 and ¥31,065 million in 2007 which are included in "Eliminations/corporate", consist substantially of corporate cash and investment securities and the assets of the administrative section of the Company.
5. The effect of change in the accounting for deprecation in accordance with the revised corporate tax law described in Note 2.e was to increase operating expense of Logistics and Real Estate for the year ended March 31, 2008, by ¥33 million ($328 thousand) and 10 million ($99 thousand), respectively.

(2) Geographical Segments

The geographical segments of the Company and its subsidiaries for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of Yen 2008 Japan	Others	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 86,585	¥ 17,786	¥	¥ 104,371
Interarea transfer	1,427	2,240	(3,667)	
Total sales	88,012	20,026	(3,667)	104,371
Operating expenses	78,640	19,796	(725)	97,711
Operating income	¥ 9,372	¥ 230	¥ (2,942)	¥ 6,660
Total assets	¥109,045	¥ 11,008	¥ 19,405	¥ 139,458

	Thousands of U.S. Dollars 2008 Japan	Others	Eliminations/ Corporate	Consolidated
Sales to customers	$ 864,210	$177,519	$	$1,041,729
Interarea transfer	14,243	22,364	(36,607)	
Total sales	878,453	199,883	(36,607)	1,041,729
Operating expenses	784,911	197,583	(7,234)	975,260
Operating income	$ 93,542	$ 2,300	$ (29,373)	$ 66,469
Total assets	$1,088,387	$109,867	$193,686	$1,391,940

	Millions of Yen 2007 Japan	Others	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 84,562	¥ 17,474	¥	¥ 102,036
Interarea transfer	1,481	2,272	(3,753)	
Total sales	86,043	19,746	(3,753)	102,036
Operating expenses	77,416	18,852	(736)	95,532
Operating income	¥ 8,627	¥ 894	¥ (3,017)	¥ 6,504
Total assets	¥ 99,845	¥ 11,632	¥ 26,802	¥ 138,279

Notes: 1. "Others" consists substantially of the United States of America, Singapore, Malaysia, Hong Kong and Europe.
2. Operating expenses of ¥2,942 million ($29,373 thousand) in 2008 and ¥3,017 million in 2007, which are included in "Eliminations/corporate," consist of the expenses incurred by the administrative section of the Company.
3. Total assets of ¥23,973 million ($239,272 thousand) in 2008 and ¥31,065 million in 2007, which are included in "Eliminations/corporate," consist substantially of corporate cash and investment securities and the assets of the administrative section of the Company.
4. The effect of change in the accounting for deprecation in accordance with the revised corporate tax law, described in Note 2.e was to increase operating expense of Japan for the year ended March 31,2008,by ¥43 million ($427 thousand).

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2008 and 2007 amounted to ¥18,509 million ($184,738 thousand) and ¥17,474 million, respectively.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of MITSUI-SOKO Co., Ltd. and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MITSUI-SOKO Co., Ltd. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 17, 2008

Member of
Deloitte Touche Tohmatsu

Corporate Governance

Basic Policy

Cognizant of the Company's social mission, Mitsui-Soko's directors, corporate auditors, and employees are dedicated to performing their responsibilities faithfully so that shareholders' interests are protected. In addition to establishing various organizational entities for decision-making and oversight, the Company is working to strengthen its corporate governance, for example by separating business execution and management supervision functions through the introduction of an executive officer system.

Key Entities and Their Responsibilities

Board of Directors: Chaired by the president, the Board of Directors meets monthly to make important decisions and oversee the performance of company operations under the supervision of executive officers as defined by applicable law, the Company's articles of incorporation, and its internal rules and regulations.

Board of Corporate Auditors: The Board of Corporate Auditors is composed of full-time corporate auditors and independent corporate auditors. A full-time auditing staff assists the Board of Corporate Auditors in fulfilling its responsibilities.

Managing Council: The Managing Council meets weekly to discuss and render decisions regarding matters entrusted to it by the Board of Directors and important operational matters as defined by company rules and regulations.

Under the Company's operational management structure, the president exercises overall control as the chief executive officer, while other representative directors play a subordinate role as chief operating officers with control over individual departments.

Establishment of an Internal Control System

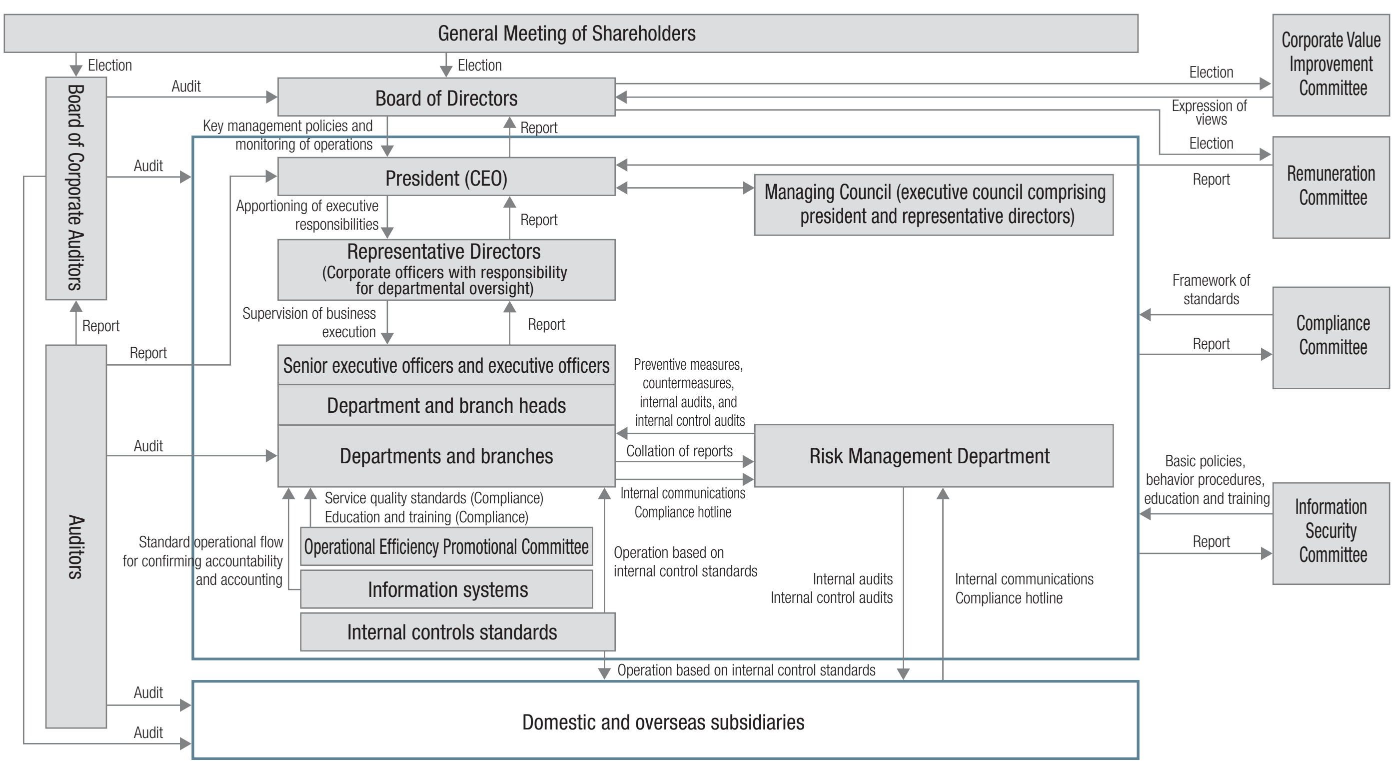
The Company has put in place internal controls for ensuring operations are conducted properly in accordance with Corporate Law and associated enforcement regulations. We have also established rules and regulations associated with our compliance structures, for example Corporate Ethical Guidelines, to serve as a code of conduct to help directors and employees ensure that their actions are consistent with applicable law such as the Company's articles of incorporation, and social norms. To ensure that these rules and regulations are properly observed, the Risk Management Division exercises cross-sectional control of compliance initiatives and carries out education and training activities, and internal auditing departments monitor compliance. The results of these activities are reported regularly to the Board of Directors and to the Corporate Auditors.

The Company also maintains a compliance hotline which is available for all Group employees to directly provide information about legally questionable activities.

Risk Management Structure and Internal Auditing

Working under the supervision of the chief operating officer with responsibility for risk management, the Risk Management Division strives to reduce corporate risk by preventing risk, preparing and revising countermeasure manuals, and conducting internal audits.

In addition to working with associated operational departments to develop response manuals for high-priority risks, verifying the implementation of preventive measures, and sharing results throughout the Company, the division orchestrates a continuous review process. Other responsibilities include conducting internal audits to assess whether Company operations are being carried out in keeping with the established procedures and rules, verifying results, examining and implementing improvement plans, and reviewing procedures. The Division then provides the results of these activities to the Board of Corporate Auditors and independent auditors as appropriate.



Mitsui-Soko Group Network

Domestic

Mitsui-Soko Co., Ltd.

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Fax: +81-52-972-0408

Kansai Branch

●Osaka Regional Office
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Osaka 550-0001
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Fax: +81-6-6443-3744

●Kobe Regional Office
2-16, Hamabe-dori 6-chome,
Chuo-ku, Kobe 651-0083
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Fax: +81-78-232-2350

Note: The Kyushu Branch is not listed as it only conducts management operations.

Main Consolidated Subsidiaries

●Hokkai Mitsui Soko K.K.
1-1, Ohmagari-kogyodanchi 5-chome,
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Phone: +81-11-376-2801
Fax: +81-11-376-2802

●Mitsui Warehouse Terminal Service Co., Ltd.
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2-chome, Minato-ku, Osaka 552-0021
Phone: +81-6-6571-6600
Fax: +81-6-6571-6604

●Mitsunori Corporation
1307 Kida-machi, Fukui 918-8681
Phone: +81-776-20-6111
Fax: +81-776-20-6125

●Mitsui Soko Kyushu Co., Ltd.
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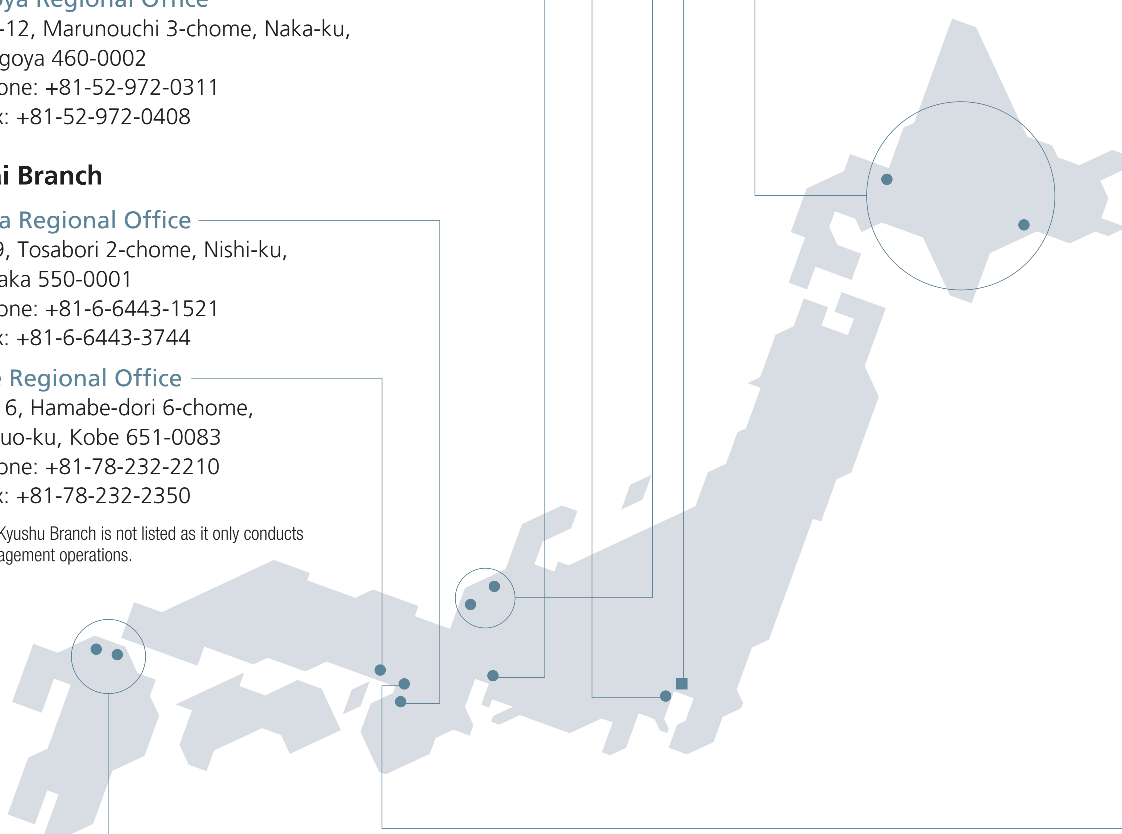
Hakata-ekimae 1-chome, Hakata-ku,
Fukuoka 812-0011
Phone: +81-92-481-6730
Fax: +81-92-481-6701



Overseas

*Partners

Consolidated Subsidiaries and Affiliates

EUROPE

Holland
●Mitsui-Soko (Europe) B.V.

Germany
●Mitsui-Soko (Europe) B.V.
<Branch>

Czech
●Mitsui-Soko (Europe) B.V.
<Branch>

Finland
●OY Hamiko Agency Ltd.*

Denmark
●Itella Logistics A/S*

Belgium
●Mitsui-Soko (Belgium) N.V.

France
●Seed Transit*

UK
●RH Freight Services Ltd.*
●Coastal Global Logistics Ltd.*

Spain
●Sparber Linea Maritimas, S.A.*

Italy
●Francesco Parisi Casa Di Spedizioni S.p.A.*

Poland
●Mitsui-Soko (Poland) Sp.zo.o.

ASIA

Singapore
●Mitsui-Soko International Pte. Ltd.
●Mitsui-Soko (Singapore) Pte. Ltd.
●Mitsui-Soko Air Services (S) Pte. Ltd.

Malaysia
●Mitsui-Soko (Malaysia) Sdn. Bhd.
●Mitsui-Soko Agencies (Malaysia) Sdn. Bhd.
●Integrated Mits Sdn. Bhd.
●Syarikat Rtnz Sdn. Bhd.

Thailand
●Mitsui-Soko (Thailand) Co., Ltd.
●Mitsui-Soko (Chiangmai) Co., Ltd.
●MITS Logistics (Thailand) Co., Ltd.
●MITS Transport (Thailand) Co., Ltd.

Indonesia
●PT. Mitsui-Soko Indonesia

Philippines
●Mitsui-Soko (Philippines) Inc.

Vietnam
●Vinatrans*

China
●Mitex International (Hong Kong) Ltd.
●Mitex Multimodal Express Ltd.
●Nobel Business International Ltd.
●Mitex Logistics (Shanghai) Co., Ltd.
●Mitex Qingdao Logistics Co., Ltd.
●Mitex Shenzhen Logistics Co., Ltd.
●Fuzhou Mitex Logistics Co., Ltd.
●Mitex Ningbo Logistics Co., Ltd.
●Shanghai Hua He International Logistics Co., Ltd.
●Nantong Sinavico International Logistics Co., Ltd.

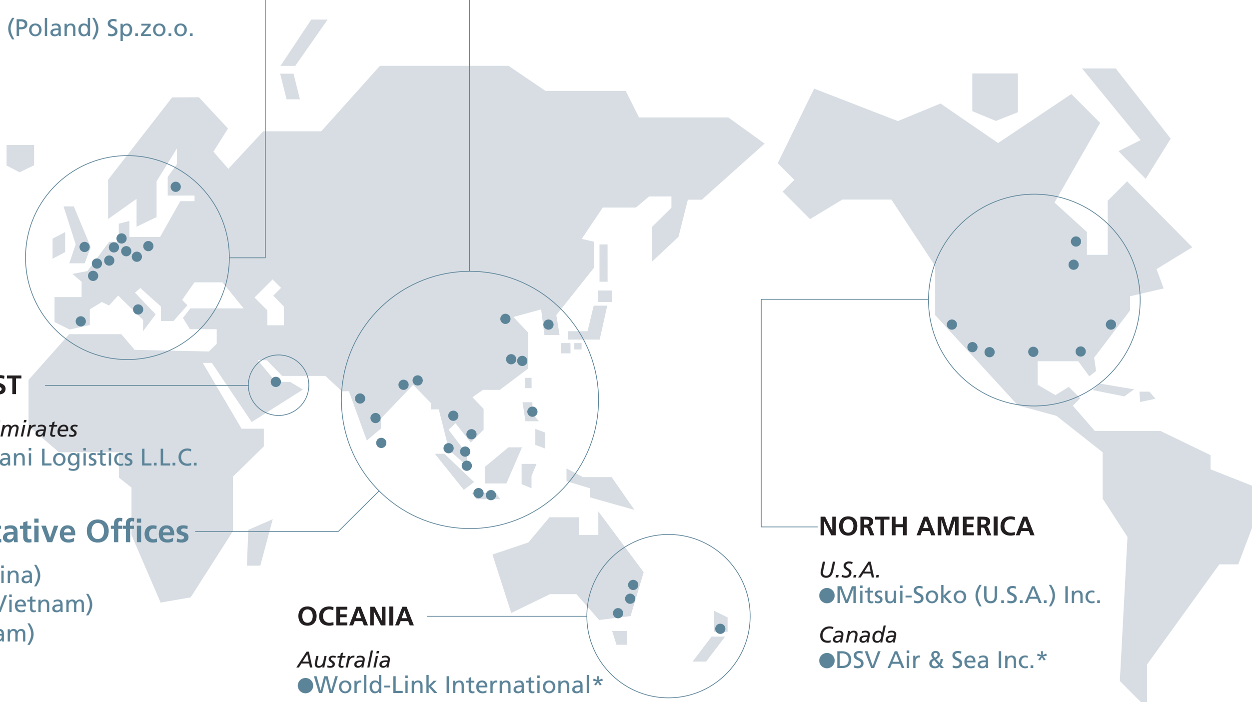
Taiwan
●Mitsui-Soko (Taiwan) Co., Ltd.

Korea
●Mitsui-Soko (Korea) Co., Ltd.

India
●Shine Travel & Cargo Pvt. Ltd.*

Sri Lanka
●Haytrans Lanka Ltd.*

Bangladesh
●Maritime Services Ltd.*



MIDDLE EAST

United Arab Emirates
●AW Rostamani Logistics L.L.C.

Representative Offices

Shanghai (China)
Ho Chi Min (Vietnam)
Hanoi (Vietnam)

OCEANIA

Australia
●World-Link International*

New Zealand
●Ellery Freights Services Ltd.*

NORTH AMERICA

U.S.A.
●Mitsui-Soko (U.S.A.) Inc.

Canada
●DSV Air & Sea Inc.*

Investor Information

As of March 31, 2008

Company Name:	MITSUI-SOKO CO., LTD.
Date of Establishment:	October 11, 1909
Paid-in Capital:	¥11,100,714,274
Number of Employees:	3,137 (consolidated base) 710 (non-consolidated base)
Common Stock:	Authorized — 400,000,000 shares Issued — 139,415,013 shares
Stock Exchange Listings:	Tokyo, Osaka (#9302)
Trading Unit:	1,000 shares
Independent Auditor:	Deloitte Touche Tohmatsu MS Shibaura Bldg., 13-23, Shibaura 4-chome, Minato-ku Tokyo 108-8530
Shareholder Register Agent:	The Chuo Mitsui Trust and Banking Company, Limited Stock Transfer Office (The company's Stock Transfer Agency Department) 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063
Number of Shareholders:	6,816
Annual Meeting:	The annual meeting of shareholders is usually held in late June.

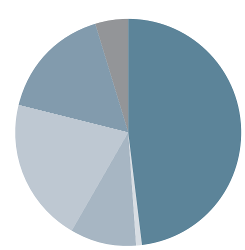
Major Shareholders

	Thousands of Shares	%
Japan Trustee Services Bank, Ltd. (Trust Account)	17,462	13.1
Mitsui Life Insurance Company Ltd.	9,807	7.4
Morgan Stanley & Company, Inc.	7,983	6.0
Mitsui Sumitomo Insurance Company, Ltd.	7,697	5.8
CBNY-Orbis SICAV	6,243	4.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,423	4.1
The Chuo Mitsui Trust and Banking Company, Ltd.	5,214	3.9
Bear Stearns Securities Corp.	4,519	3.4
Sumitomo Mitsui Banking Corp.	3,484	2.6
Juniper	3,330	2.5

Note: Shares of less than 1,000 are rounded down.
Treasury stock have been excluded form investment ratio calculation.

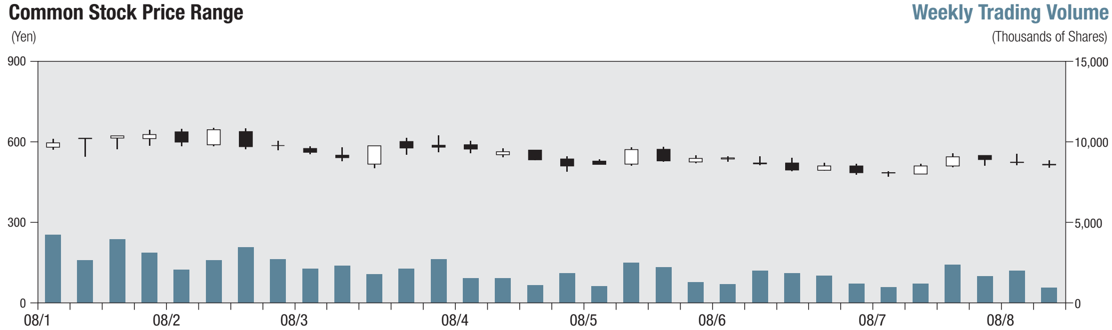
Composition of MITSUI-SOKO's Shareholders

	Thousands of Shares	%
Financial Institutions	67,120	48.1
Securities Companies	1,187	0.9
Other Corporations	13,375	9.6
Foreign Companies	28,331	20.3
Individual and Others	22,871	16.4
The Company (Treasury Stock)	6,524	4.7



Common Stock Price Range

Weekly Trading Volume



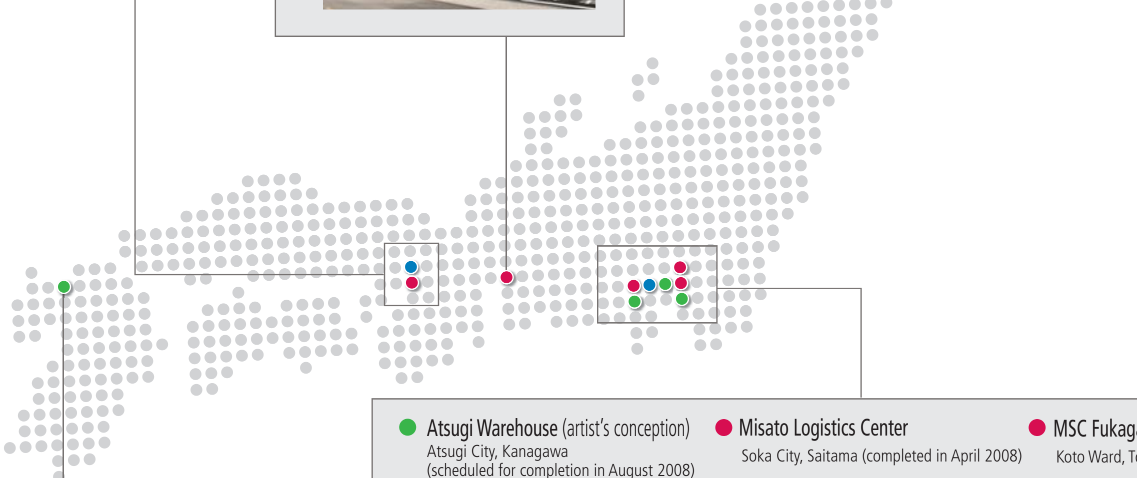
Mitsui-Soko Group Strategic Facilities

● **Kita Osaka Warehouse**
Settsu City, Osaka
(completed in December 2005)

● **Ibaraki Records Center** (artists conception)
Ibaraki City, Osaka
(scheduled for completion in December 2009)

● **Hokkai Mitsui-Soko Records Center**
Kitahiroshima City, Hokkaido
(completed in November 2007)

● **Nishiharu Warehouse**
Kita-Nagoya City, Aichi
(completed in June 2006)



● **Fukuoka Records Center** (artist's conception)
Fukuoka City, Fukuoka
(scheduled for completion in June 2008)

● **Atsugi Warehouse** (artist's conception)
Atsugi City, Kanagawa
(scheduled for completion in August 2008)

● **Misato Logistics Center**
Soka City, Saitama (completed in April 2008)

● **MSC Fukagawa Building**
Koto Ward, Tokyo (completed in July 2006)

● **Machida Records Center**
Machida City, Tokyo
(completed in November 2004)

● **New wing (right side of building)**
(artist's conception)
(scheduled for completion in January 2010)

● **Tatsumi Warehouse (tentative name)**
(artist's conception)
Koto Ward, Tokyo
(scheduled for completion in January 2009)

● **MSC Fukagawa No. 2 Building**
(artist's conception)
Koto Ward, Tokyo
(scheduled for completion in December 2008)

● Already operational
● Under construction
● Plans finalized

MITSUI-SOKO CO., LTD.
22-23, Kaigan 3-chome, Minato-ku, Tokyo, Japan 108-0022

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