Quarterly Securities Report
for the Nine-Month Period Ended December 31, 2019

English translation of certain items disclosed in the Quarterly Securities Report for the nine-month period ended December 31, 2019, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 14, 2020.

Mitsui & Co., Ltd.

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As used in this report, "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), "we", "us", and "our" are used to indicate Mitsui & Co., Ltd. and subsidiaries, unless otherwise indicated.

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the periods ended December 31, 2019 and 2018 and as of or for the year ended March 31, 2019

		In millions of Yen, except amounts per share and other				
		Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2018	Three-month period ended December 31, 2019	Three-month period ended December 31, 2018	As of or for the year ended March 31, 2019
Consolidated financial data						
Revenue	¥	5,193,989	5,012,969	1,782,753	1,799,627	6,957,524
Gross profit	¥	640,423	633,077	212,234	209,362	838,467
Profit for the period attributable to owners of the parent	¥	335,076	350,068	100,923	127,198	414,215
Comprehensive income for the period attributable to owners of the parent	¥	223,415	341,633	216,484	(36,176)	429,917
Total equity attributable to owners of the parent	¥	-	-	4,338,284	4,174,528	4,263,166
Total assets	¥	-	-	12,424,712	11,826,976	11,945,779
Basic earnings per share attributable to owners of the parent (Yen)	¥	192.95	201.42	58.20	73.19	238.33
Diluted earnings per share attributable to owners of the parent (Yen)	¥	192.82	201.27	58.16	73.13	238.15
Equity attributable to owners of the parent ratio	%	-	-	34.92	35.30	35.69
Cash flows from operating activities	¥	386,871	361,473	-	-	410,670
Cash flows from investing activities	¥	(206,374)	(448,951)	-	-	(719,036)
Cash flows from financing activities	¥	(189,789)	(93,933)	-	-	127,376
Cash and cash equivalents at end of period	¥	-	-	946,204	953,222	956,107

(Notes) 1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS).

2. Revenue does not include consumption taxes.

2. Business Overview

We are a general trading company engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with our trading activities, organizing and coordinating international industrial projects by using the global office network and ability to gather information. Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron & steel, mineral & metal resources, machinery & infrastructure, chemicals, energy, lifestyle, innovation & corporate development. We also participate in the development of natural resources such as oil, gas, iron and steel raw materials. We have been proactively making strategic business investments in certain new industries such as IT, renewable energy and environmental solution businesses.

There has been no significant change in our business for the nine-month period ended December 31, 2019.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the nine-month period ended December 31, 2019, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2019.

2. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

This quarterly securities report contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Mitsui's actual consolidated financial position, consolidated operating results or consolidated cash flows to be materially different from any future consolidated financial position, consolidated operating results or consolidated cash flows expressed or implied by these forward-looking statements.

Forward-looking statements were made as of December 31, 2019, unless otherwise indicated.

(1) Operating Environment

In the nine-month period ended December 31, 2019, the global economy continued to exhibit slowing growth attributable to a more moderate tempo of economic expansion in the U.S. and ongoing economic deceleration in China.

In the U.S., although consumer spending continues to be resilient supported by a favorable environment for employment and employee income, the impact of trade friction between the U.S. and China is noticeable particularly in the manufacturing sector, and the pace of economic expansion is expected to drop. Meanwhile, a further weakening of growth is expected in Europe, owing to its weak export growth and slowdown in Germany, its leading economy, despite underpinning support from consumer spending. In Japan, the continuing trend of weakening exports and the effect of the hike in consumption tax in some parts of the economy has led to expectations of further slowdown of the economy. Among the emerging economies, China's economy is still expected to continue slowing partly due to the residual impact of trade friction with the U.S., although stimulus by its government is providing certain underlying support. On the other hand, the economies of both Brazil and Russia are expected to bottom out, mainly due to the reduction of policy interest rates.

Despite a sense of stagnation throughout the global economy overall, any significant downside swing is expected to be averted given the trends of monetary easing in major countries and the recovery in market sentiment subsequent to the U.S. and China reaching agreement on a Phase One trade deal. However, careful attention should be given to the risk of downward pressures on the global economy caused by the spreading effect of novel coronavirus.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		5,194.0	5,013.0	+181.0
Gross profit		640.4	633.1	+7.3
Selling, general and administrative expenses		(437.9)	(417.4)	(20.5)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	2.6	6.5	(3.9)
	Impairment Reversal (Loss) of Fixed Assets—Net	(11.6)	(3.6)	(8.0)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	7.2	5.8	+1.4
	Other Income (Expense)—Net	26.2	(3.3)	+29.5
	Reversal of Provision Related to Multigrain Business	-	11.1	(11.1)
Finance Income (Costs)	Interest Income	32.5	31.4	+1.1
	Dividend Income	82.1	88.5	(6.4)
	Interest Expense	(69.4)	(59.9)	(9.5)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		199.2	186.0	+13.2
Income Taxes		(113.0)	(111.2)	(1.8)
Profit for the Period		358.3	367.1	(8.8)
Profit for the Period Attributable to Owners of the Parent		335.1	350.1	(15.0)

* May not match with the total of items due to rounding off. The same shall apply hereafter.

Revenue

Revenue for the nine-month period ended December 31, 2019 ("current period") was ¥5,194.0 billion, an increase of ¥181.0 billion from ¥5,013.0 billion for the corresponding nine-month period of the previous year ("previous period").

Gross Profit

Mainly the Mineral & Metal Resources Segment, the Machinery & Infrastructure Segment and the Energy Segment recorded an increase, while the Chemical Segment and the Lifestyle Segment recorded a decline.

Selling, general and administrative expenses

Mainly the Mineral & Metal Resources Segment recorded a decline.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the previous period, a gain on securities was recorded in the Lifestyle Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current period, an impairment loss on fixed assets was recorded in the Lifestyle Segment.

Gain (Loss) on Disposal or Sales of Fixed Assets—Net

For the previous period, a gain on disposal of fixed assets was recorded in the Iron & Steel Products Segment.

Other Income (Expense)—Net

For the current period, the Chemical Segment recorded insurance proceeds in the business in North America and the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option of an investment. Furthermore, a gain on the sales of property management business in Mitsui & Co. Foresight Ltd. was recorded in the Lifestyle Segment.

Reversal of Provision Related to Multigrain Business

For the previous period, the Lifestyle Segment recorded a gain on the reversal of the provision for the withdrawal from business.

Finance Income (Costs)

Dividend Income

Mainly the Energy Segment recorded a decline, while the Mineral & Metal Resources Segment recorded an increase.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Mainly the Machinery & Infrastructure Segment and the Energy Segment recorded an increase, while the Mineral & Metal Resources Segment recorded a decline.

Income Taxes

Income taxes for the current period were ¥113.0 billion, an increase of ¥1.8 billion from ¥111.2 billion for the previous period. The effective tax rate for the current period was 24.0%, an increase of 0.8 points from 23.2% for the previous period.

Profit for the Period Attributable to Owners of the Parent

Profit for the period attributable to owners of the parent was ¥335.1 billion, a decrease of ¥15.0 billion from the previous period. For the current period, an impairment loss of ¥22.1 billion was recorded for the Moatize mine business and the Nacala Corridor rail & port infrastructure business.

2) Operating Results by Operating Segment

Real estate business and materials business, which were part of the Lifestyle Segment, were transferred to the Innovation & Corporate Development Segment and Chemicals Segment, respectively, effective April 1, 2019. In accordance with the aforementioned changes, the operating segment information for the previous period has been restated to conform to the current period presentation.

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	3.5	10.2	(6.7)
Gross profit	18.3	20.7	(2.4)
Profit (loss) of equity method investments	9.2	14.6	(5.4)
Dividend income	1.7	1.5	+0.2
Selling, general and administrative expenses	(19.8)	(21.1)	+1.3
Others	(5.9)	(5.5)	(0.4)

・Others include the following factor:
  - For the previous period, a one-time gain of ¥5.9 billion was recorded due to the sale of land of an affiliated company.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	135.9	127.6	+8.3
Gross profit	176.5	135.9	+40.6
Profit (loss) of equity method investments	43.5	45.2	(1.7)
Dividend income	18.4	16.8	+1.6
Selling, general and administrative expenses	(33.5)	(25.0)	(8.5)
Others	(69.0)	(45.3)	(23.7)

・Gross profit increased mainly due to the following factors:
  - Iron ore mining operations in Australia recorded an increase of ¥55.5 billion mainly due to higher iron ore sales prices.
  - Coal mining operations in Australia recorded a decrease of ¥13.4 billion mainly due to lower coal sales prices.

・Profit (loss) of equity method investments declined mainly due to the following factors:
  - For the current period, an impairment loss of ¥5.1 billion was recorded for Nacala Corridor rail & port infrastructure business in Mozambique, reflecting the revisions to our various assumptions.
  - Iron ore mining operations in Australia recorded an increase of ¥11.4 billion mainly due to higher iron ore sales prices.

・Selling, general and administrative expenses decreased mainly due to the following factor:
  - For the current period, an impairment loss of ¥9.8 billion for doubtful debt was posted, reflecting the revisions to our various assumptions regarding the Moatize mine business in Mozambique.

・Dividend income increased mainly due to higher dividends from iron ore mining operations in Australia.

・In addition to the above, the following factor also affected the result:
  - For the current period, iron ore mining operations in Australia recorded a decrease of profit amounting to ¥20.3 billion mainly due to the increase of income tax caused by gross profit increase.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	59.9	55.5	+4.4
Gross profit	99.9	97.6	+2.3
Profit (loss) of equity method investments	75.8	63.0	+12.8
Dividend income	4.4	4.2	+0.2
Selling, general and administrative expenses	(98.3)	(92.7)	(5.6)
Others	(21.9)	(16.6)	(5.3)

・Gross Profit increased mainly due to the following factor:
- For the current period, Bussan Auto Finance recorded an increase of ¥3.1 billion due to good sales in motorcycle and car financing business.

・Profit (loss) of equity method investments increased mainly due to the following factors:
- For the previous period, a loss was recorded at an equity accounted investee due to its overseas rail project.
- For the current period, a gain was recorded at an automobile company in Canada due to good sales results.
- For the current period, investments in gas distribution companies in Brazil recorded an increase reflecting the refund of service tax payments through arbitrations.
- For the previous period, deferred tax assets were recorded at an equity accounted investee due to the change of the investment structure in the IPP(Independent Power Producer) business.

・In addition to the above, the following factor also affected the results:
- For the previous period, deferred tax assets were recorded at a holding company due to the change of the investment structure in the IPP business.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	16.6	23.7	(7.1)
Gross profit	89.7	110.7	(21.0)
Profit (loss) of equity method investments	10.0	11.0	(1.0)
Dividend income	2.5	2.6	(0.1)
Selling, general and administrative expenses	(77.4)	(79.2)	+1.8
Others	(8.2)	(21.4)	+13.2

・Gross profit declined mainly due to the following factors:
- A decline of ¥4.9 billion was recorded mainly due to price drop of methanol in MMTX, Inc.
- A decline of ¥4.7 billion was recorded mainly due to price drop of main products in Novus International, Inc.
- Decline was recorded in Intercontinental Terminals Company LLC mainly due to the accidental incident.

・Others included the following factor:
- For the current period, insurance proceeds were recorded in the business in North America.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	97.5	86.9	+10.6
Gross profit	110.1	109.9	+0.2
Profit (loss) of equity method investments	33.1	26.5	+6.6
Dividend income	47.0	54.6	(7.6)
Selling, general and administrative expenses	(33.2)	(33.7)	+0.5
Others	(59.5)	(70.4)	+10.9

・Gross profit increased mainly due to the following factors:
- Mitsui & Co. Energy Trading Singapore Pte. Ltd. recorded an increase of ¥6.8 billion mainly due to good performance in the oil trading business.
- Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥6.1 billion mainly due to increase in production.
- Mitsui E&P Australia Pty. Ltd. recorded a decrease of ¥5.6 billion mainly due to decrease in production.
- AWE Pty Ltd. recorded a decrease of ¥4.7 billion mainly due to increase in depreciation costs.
- MEP Texas Holdings LLC recorded a decrease of ¥3.4 billion mainly due to lower oil and gas prices.

・Profit of equity method investment increased mainly due to the following factors:
- Mitsui E&P Mozambique Area 1 Limited recorded an increase of ¥12.1 billion mainly due to the recognition of deferred tax assets in accordance with the Final Investment Decision for the project.
- Japan Australia LNG (MIMI) Pty. Ltd. recorded a decrease due to lower crude oil and gas prices.

・Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥45.1 billion in total, a decrease of ¥8.6 billion from the previous period.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	18.1	33.6	(15.5)
Gross profit	103.4	106.4	(3.0)
Profit (loss) of equity method investments	16.5	18.3	(1.8)
Dividend income	3.9	4.5	(0.6)
Selling, general and administrative expenses	(107.0)	(100.7)	(6.3)
Others	1.3	5.1	(3.8)

・Gross profit declined mainly due to the following factor:
- For the current period, suspension of drug development in the drug development fund invested through MBK Pharma Partnering Inc recorded a ¥4.1 billion loss in the valuation of fair value.

・In addition to the above, the following factors also affected the results:
- For the current period, there was a ¥12.5 billion decline in tax burden in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd.
- For the current period, an impairment loss of fixed assets of ¥5.8 billion was recorded mainly due to a partially poor business performance in Accountable Healthcare Holdings Corporation conducting healthcare staffing in the U.S.
- For the current period, Mitsui & Co. Foresight Ltd. recorded a gain on the sales of property management business.

- For the previous period, Multigrain Trading AG recorded a gain of ¥11.6 billion on reversal of the provision for the withdrawal from business.
- For the previous period, ¥7.5 billion gain was recorded due to the dilution of the stake in IHH Healthcare Berhad.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	6.0	5.8	+0.2
Gross profit	42.3	50.7	(8.4)
Profit (loss) of equity method investments	11.1	9.1	+2.0
Dividend income	2.9	3.0	(0.1)
Selling, general and administrative expenses	(47.4)	(47.0)	(0.4)
Others	(2.9)	(10.0)	+7.1

・For Others, the following factor affected the results:
- For the current period, a valuation profit on the derivative of ¥4.4 billion was recorded in relation to a put option of an investment.

(3) **Financial Condition and Cash Flows**

1) Financial Condition

(Billions of yen)	December 31, 2019	March 31, 2019	Change
Total Assets	12,424.7	11,945.8	+478.9
Current Assets	4,106.8	3,996.3	+110.5
Non-current Assets	8,317.9	7,949.5	+368.4
Current Liabilities	2,689.5	2,740.3	(50.8)
Non-current Liabilities	5,123.5	4,675.2	+448.3
Net Interest-bearing Debt(*)	*3,611.2*	*3,592.0*	*+19.2*
Total Equity Attributable to Owners of the Parent	4,338.3	4,263.2	+75.1
Net Debt-to-Equity Ratio (times)	0.83	0.84	(0.01)

(*) "Net Debt-to-Equity Ratio" ("Net DER") is comprised of "net interest bearing debt" divided by total equity attributable to owners of the parent. We define "net interest bearing debt" as follows:

- calculate interest bearing debt by adding up short-term debt and long-term debt. Since current priod, Interest-bearing debt is calculated by excluding lease liability from short-term debt and long-term debt. As a result of this change, the Net Interest-bearing Debt at March 31, 2019 has been restated
- calculate net interest bearing debt by subtracting cash and cash equivalents and time deposits with maturities within one year after three months from interest bearing debt

Assets

Current Assets:

- Cash and cash equivalents declined by ¥9.9 billion.
- Other financial assets increased by ¥75.0 billion, mainly due to increases in trading volume of derivative trading in the Innovation & Corporate Development Segment and the Energy Segment.
- Inventories increased by ¥82.0 billion, mainly due to increases in trading volume in the Energy Segment, the Lifestyle Segment, and the Machinery & Infrastructure Segment.
- Advance payments to suppliers declined by ¥45.0 billion, mainly due to declines in trading volume in the Machinery & Infrastructure Segment.

Non-current Assets:

- Investments accounted for using the equity method increased by ¥90.9 billion, mainly due to the following factors:
  - An increase of ¥36.5 billion due to correction of Mitsui E&P Mozambique Area 1 Limited's company category to investments accounted for using the equity method;
  - An increase due to an acquisition of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
  - An increase of ¥16.9 billion due to an investment in Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam;
  - An increase of ¥12.0 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project;
  - An increase of ¥199.2 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥139.7 billion due to dividends received from equity accounted investees; and

- A decline of ¥38.5 billion resulting from foreign currency exchange fluctuations.

- Other investments declined by ¥82.8 billion, mainly due to the following factors:
  - A decline of ¥36.2 billion mainly due to a partial sale of investment in Recruit Holdings Co., Ltd.;
  - Fair value on financial assets measured at FVTOCI and FVTPL declined by ¥22.3 billion and ¥10.2 billion, respectively; and
  - A decline of ¥5.8 billion resulting from foreign currency exchange fluctuations.
- Property, plant and equipment increased by ¥300.6 billion, mainly due to the following factors:
  - An increase of ¥257.6 billion corresponding to adoption of IFRS 16 “Leases”;
  - An increase of ¥57.1 billion corresponding to time charter parties of LNG ships for Cameron LNG Export Project in the U.S.; and
  - A decline of ¥38.5 billion due to correction of Mitsui E&P Mozambique Area 1 Limited’s company category to investments accounted for using the equity method.
- Intangible assets increased by ¥62.1 billion, mainly due to an increase of ¥70.3 billion for the Brazilian rail business restructuring.

<u>Liabilities</u>

Current Liabilities:

Short-term debt increased by ¥21.4 billion. Meanwhile, the current portion of long-term debt declined by ¥119.4 billion, mainly due to repayment of debt, despite reclassification to current maturities.

- Other financial liabilities increased by ¥101.9 billion, mainly due to increases in the precious metal lease business in the Innovation & Corporate Development Segment, and corresponding to the increases in other financial assets.
- Advances from customers declined by ¥42.0 billion, corresponding to the declines in advance payments to suppliers.

Non-current Liabilities:

- Long-term debt, less the current portion, increased by ¥415.5 billion, mainly due to adoption of IFRS 16 “Leases”.

<u>Total Equity Attributable to Owners of the Parent</u>

- Retained earnings increased by ¥226.4 billion.
- Other components of equity declined by ¥147.1 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI declined by ¥41.2 billion; and
  - Foreign currency translation adjustments declined by ¥66.1 billion, mainly reflecting the appreciation of the Japanese yen against the Australian dollar, U.S. dollar and Brazilian real.
- Treasury stock, which is a subtraction item in shareholders’ equity, increased by ¥21.0 billion, mainly due to share buy-back.

2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	386.9	361.5	+25.4
Cash flows from investing activities	(206.4)	(449.0)	+242.6
Free cash flow	180.5	(87.5)	+268.0
Cash flows from financing activities	(189.8)	(93.9)	(95.9)
Effect of exchange rate changes on cash and cash equivalents etc.	(0.6)	3.2	(3.8)
Change in cash and cash equivalents	(9.9)	(178.2)	+168.3

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	386.9	361.5	+25.4
Cash flows from change in working capital	b	(129.9)	(130.6)	+0.7
Core operating cash flow	a-b	516.8	492.1	+24.7

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥129.9 billion of net cash outflow. Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease in working capital, for the current period amounted to ¥516.8 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥214.5 billion, a decline of ¥46.6 billion from ¥261.1 billion for the previous period.
  - Depreciation and amortization for the current period was ¥185.4 billion, an increase of ¥50.7 billion from ¥134.7 billion for the previous period.

The following table shows core operating cash flow by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	1.5	(1.4)	+2.9
Mineral & Metal Resources	170.8	149.4	+21.4
Machinery & Infrastructure	65.6	57.9	+7.7
Chemicals	29.3	41.0	(11.7)
Energy	194.7	194.1	+0.6
Lifestyle	23.7	21.3	+2.4
Innovation & Corporate Development	2.6	6.1	(3.5)
All Other and Adjustments and Eliminations	28.6	23.7	+4.9
Consolidated Total	516.8	492.1	+24.7

Cash Flows from Investing Activities

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥67.9 billion, mainly due to the following factors:
  - An acquisition of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
  - An investment in Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam, for ¥16.9 billion; and
  - An investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project, for ¥12.0 billion.
- Net cash inflows that corresponded to other investments (net of sales and maturities of other investments) were ¥56.7 billion, mainly due to a partial sale of investment in Recruit Holdings Co., Ltd., for ¥44.8 billion.
- Net cash outflows that corresponded to increase in loan receivables (net of collections of loan receivables) were ¥2.5 billion, mainly due to the execution of loans to the IPP project in Middle East for ¥17.8 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥190.8 billion, mainly due to the following factors:
  - An expenditure for the oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥51.6 billion;
  - An expenditure for iron ore mining operations in Australia for ¥26.6 billion;
  - An expenditure for railroad rolling stock related leasing business in Europe for ¥16.8 billion;
  - An expenditure for the distributed power project in the U.S. for ¥14.8 billion;
  - An expenditure for coal mining operations in Australia for ¥14.5 billion;
  - An expenditure for sugar manufacturing business in Thailand for ¥12.0 billion; and
  - An expenditure for tank operations in the U.S. for ¥10.5 billion.

Cash Flows from Financing Activities

- Net cash inflows from net change in short-term debt were ¥19.9 billion and net cash outflows from net change in long-term debt were ¥47.0 billion.
- The cash outflow from the purchases of treasury stock was ¥21.5 billion.
- The cash outflow from payments of cash dividends was ¥139.1 billion.

(4) Management Issues

1) Revised forecasts for the year ending March 31, 2020

<Assumption>	3Q (Actual)	4Q (Forecast)	Mar-20 Revised Forecast	Mar-20 Previous Forecast
Exchange rate (JPY/USD)	108.89	108	108.67	107.34
Crude oil (JCC)	$68/bbl	$67/bbl	$67/bbl	$68/bbl
Consolidated oil price	$69/bbl	$66/bbl	$68/bbl	$68/bbl

(Billions of yen)

	March 31, 2020 Revised forecast	March 31, 2020 Previous forecast	Change	Description
Gross profit	860.0	860.0	-	
Selling, general and administrative expenses	(580.0)	(570.0)	(10.0)	Impairment loss for Mozambique coal and infrastructure projects
Gain on investments, fixed assets and other	40.0	30.0	+10.0	Miscellaneous
Interest expenses	(50.0)	(50.0)	-	
Dividend income	100.0	90.0	+10.0	Interest on equity from Vale S.A.
Profit (loss) of equity method investments	260.0	270.0	(10.0)	Impairment loss for Moatize Business
Profit before income taxes	630.0	630.0	-	
Income taxes	(150.0)	(150.0)	-	
Non-controlling Interests	(30.0)	(30.0)	-	
Profit for the year attributable to owners of the parent	450.0	450.0	-	
Depreciation and amortization	250.0	250.0	-	
Core operating cash flow	600.0	640.0	(40.0)	Contribution to corporate pension

We assume foreign exchange rates for the three-month period ending March 31, 2020 will be ¥108/US$, ¥73/AU$ and ¥26/BRL, while average foreign exchange rates for the nine-month period ended December 31, 2019 were ¥108.89/US$, ¥74.93/AU$ and ¥27.16/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2020 will be US$68/barrel, same as the previous assumption, based on the assumption that the crude oil price (JCC) will average US$67/barrel throughout the three-month period ending March 31, 2020.

The revised forecast for profit for the year attributable to owners of the parent by operating segment compared to the original forecast is as follows:

(Billions of Yen)	Year ending March 31, 2020 Revised Forecast	Year ending March 31, 2020 Previous Forecast	Change	Description
Iron & Steel Products	5.0	10.0	(5.0)	Deceleration of market condition
Mineral & Metal Resources	170.0	180.0	(10.0)	Impairment loss for Mozambique coal and infrastructure projects
Machinery & Infrastructure	95.0	90.0	+5.0	Robust business condition
Chemicals	20.0	20.0	-	
Energy	115.0	105.0	+10.0	Good condition in METS trading
Lifestyle	30.0	30.0	-	
Innovation & Corporate Development	25.0	15.0	+10.0	Robust business condition, FVTPL gains
All Other and Adjustments and Eliminations	(10.0)	-	(10.0)	Expenses, interests and taxes not allocated to business segments
Consolidated Total	450.0	450.0	-	

The revised forecast for core operating cash flow by operating segment compared to the original forecast is as follows:

(Billions of Yen)	Year ending March 31, 2020 Revised Forecast	Year ending March 31, 2020 Previous Forecast	Change	Description
Iron & Steel Products	5.0	5.0	-	
Mineral & Metal Resources	220.0	220.0	-	
Machinery & Infrastructure	95.0	95.0	-	
Chemicals	40.0	40.0	-	
Energy	225.0	220.0	+5.0	Good condition in METS trading
Lifestyle	30.0	30.0	-	
Innovation & Corporate Development	20.0	10.0	+10.0	Robust business condition, FVTPL gains
All Other and Adjustments and Eliminations	(35.0)	20.0	(55.0)	Contribution to corporate pension
Consolidated Total	600.0	640.0	(40.0)	

2) Key commodity prices and other parameters for the year ending March 31, 2020

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2020. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2020 (Announced in April 2019)				Previous Forecast (Announced Oct 2019)		March 2020 1-3Q (Result)	March 2020 4Q (Assumption)		Revised Forecast (Announced in Feb 2020)
Commodity	Crude Oil/JCC		－	68		68	67		67
	Consolidated Oil Price(*1)		¥3.1 bn (US$1/bbl)	68		69	66		68
	U.S. Natural Gas(*2)		¥0.7 bn (US$0.1/mmBtu)	2.68		2.57(*3)	2.42(*4)		2.53
	Iron Ore(*5)		¥2.1 bn (US$1/ton)	(*6)		97(*7)	(*6)		(*6)
	Coal	Coking	¥0.5 bn (US$1/ton)	(*6)	→	176(*8)	(*6)	→	(*6)
		Thermal	¥0.1 bn (US$1/ton)	(*6)		95(*8)	(*6)		(*6)
	Copper(*9)		¥0.7 bn (US$100/ton)	5,884		6,044(*10)	5,888(*10)		6,005
Forex (*11)	USD		¥2.7 bn (¥1/USD)	107.34		108.89	108		108.67
	AUD		¥1.9 bn (¥1/AUD)	73.37		74.93	73		74.45
	BRL		¥0.3 bn (¥1/BRL)	27.18		27.16	26		26.87

(*1) As the crude oil price affects our consolidated results with a 0-6 month time lag, the effect of crude oil prices on consolidated results is estimated as the consolidated oil price, which reflects this lag. For FY Mar/2020 we have assumed that there is a 4-6 month lag for approx. 50%, a 1-3 month lag for approx. 40%, and no lag for approx. 10%. The above sensitivities show annual impact of changes in consolidated oil price for projects linked to oil price.

(*2) As Mitsui has very limited exposure to U.S. natural gas sold at Henry Hub (HH), the above sensitivities show annual impact of changes in the weighted average sale price.

(*3) U.S. Gas figures for FY Mar/2020 1-3Q (result) are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January 2019 to September 2019.

(*4) For natural gas sold in the US on HH linked prices, the assumed price used is US$2.42/mmBtu, the average of HH price from October 2019 to December 2019.

(*5) The effect of dividend income from Vale has not been included.

(*6) Iron ore and coal price assumptions are not disclosed.

(*7) Iron ore results figures for FY Mar/2020 1-3Q (result) are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2019 to December 2019.

(*8) Coal results figures for FY Mar/2020 1-3Q (result) are the quarterly average prices of representative coal brands in Japan(US$/MT).

(*9)As the copper price affects our consolidated results with a 3-month time lag, the above sensitivities show the annual impact of US$100/ton change in averages of the LME monthly average cash settlement prices for the period from March to December 2019.

(*10)Copper results figures for FY Mar/2020 1-3Q (result) and 4Q(assumption) are the averages of the LME monthly average cash settlement prices for the period January 2019 to September 2019 and October 2019 to December 2019, respectively.

(*11)Impacts of currency fluctuations on reported profit for the year of overseas subsidiaries are denominated in their respective functional currencies. Depreciation of the yen has the effect of increasing profit for the year through the conversion of profit (denominated in functional currencies) into yen. In the Metal Resources and Energy business where the sales contract is in US$, the impacts of currency fluctuations between the US$ and the functional currencies (Australian $ and Brazilian Real) and the impacts of currency hedging are not included.

3) Profit Distribution Policy

Our profit distribution policy has been resolved as follows at the board of directors through discussion in which external directors were also involved:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends.
- In addition to the above, in relation to share buyback toward improving capital efficiency, we judge that the decision by the board of directors in a prompt and flexible manner as needed concerning its timing and amount by taking into consideration of the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity, continues to contribute to enhancement of corporate value.

For the period of the Medium-term Management Plan, we have established a target minimum annual dividend amount of ¥100.0 billion, based on our assessment of achievable stable core operating cash flow, with the aim of ensuring a certain level of return to shareholders regardless of changes in the external environment. While our principal intention is to steadily increase dividends through improvements in corporate performance, we will also consider flexible ways to address shareholder compensation, provided that sufficient retained earnings is secured for future business development.

For the period ended December 31, 2019, we conducted ¥21.5 billion repurchase of its own shares.

For the year ending March 31, 2020, we currently envisage an annual dividend of ¥80 per share (including the interim dividend of ¥40 per share), the same amount as the year ended March 31, 2019, taking into consideration of core operating cash flow and profit for the year attributable to owners of the parent as well as stability and continuity of the amount of dividend.

(5) Research & Development

There are no contracts for which disclosure is required.

3. Material Contracts

There are no contracts for which disclosure is required.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position
Mitsui & Co., Ltd. and subsidiaries
December 31, 2019 and March 31, 2019

	Millions of Yen			
	December 31, 2019		March 31, 2019	
ASSETS				
Current Assets:				
Cash and cash equivalents	¥	946,204	¥	956,107
Trade and other receivables		1,818,494		1,804,227
Other financial assets (Note 13)		329,525		254,507
Inventories (Note 13)		689,688		607,675
Advance payments to suppliers		174,820		219,849
Other current assets		148,083		153,957
Total current assets		4,106,814		3,996,322
Non-current Assets:				
Investments accounted for using the equity method		3,066,572		2,975,674
Other investments (Note 13)		1,864,803		1,947,565
Trade and other receivables(Note 13)		443,403		458,809
Other financial assets (Note 13)		159,224		154,886
Property, plant and equipment (Notes 2 and 6)		2,246,023		1,945,381
Investment property		208,332		203,102
Intangible assets		236,151		174,085
Deferred tax assets		37,385		40,763
Other non-current assets		56,005		49,192
Total non-current assets		8,317,898		7,949,457
Total assets	¥	12,424,712	¥	11,945,779

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries

December 31, 2019 and March 31, 2019

	Millions of Yen	
	December 31, 2019	March 31, 2019
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 358,439	¥ 337,028
Current portion of long-term debt (Notes 2 and 8)	359,972	479,390
Trade and other payables	1,292,020	1,322,274
Other financial liabilities (Notes 12 and 13)	380,437	278,472
Income tax payables	68,654	47,197
Advances from customers	159,409	201,444
Provisions (Note 15)	22,598	34,458
Other current liabilities	48,017	40,012
Total current liabilities	2,689,546	2,740,275
Non-current Liabilities:		
Long-term debt, less current portion (Notes 2 , 8 and 13)	4,224,592	3,809,057
Other financial liabilities (Notes 12 and 13)	85,293	72,095
Retirement benefit liabilities	55,854	57,203
Provisions	232,323	212,396
Deferred tax liabilities	492,170	499,756
Other non-current liabilities	33,252	24,689
Total non-current liabilities	5,123,484	4,675,196
Total liabilities	7,813,030	7,415,471
Equity:		
Common stock	341,776	341,482
Capital surplus	403,811	387,335
Retained earnings	3,305,115	3,078,655
Other components of equity (Note 9)	316,214	463,270
Treasury stock	(28,632)	(7,576)
Total equity attributable to owners of the parent	4,338,284	4,263,166
Non-controlling interests	273,398	267,142
Total equity	4,611,682	4,530,308
Total liabilities and equity	¥ 12,424,712	¥ 11,945,779

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2019 and 2018

	Millions of Yen	
	Nine-month Period Ended December 31, 2019	Nine-month Period Ended December 31, 2018
Revenue (Note 4, 5 and 13)	¥ 5,193,989	¥ 5,012,969
Cost	(4,553,566)	(4,379,892)
Gross Profit (Note 4)	640,423	633,077
Other Income (Expenses):		
Selling, general and administrative expenses(Note 7)	(437,896)	(417,390)
Gain (loss) on securities and other investments-net(Note 7)	2,575	6,513
Impairment reversal (loss) of fixed assets-net	(11,603)	(3,581)
Gain (loss) on disposal or sales of fixed assets-net	7,186	5,842
Reversal of provision related to Multigrain business (Note 14)	-	11,083
Other income (expense)-net	26,180	(3,250)
Total other income (expenses)	(413,558)	(400,783)
Finance Income (Costs):		
Interest income	32,501	31,431
Dividend income	82,118	88,514
Interest expense	(69,385)	(59,887)
Total finance income (costs)	45,234	60,058
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4, 7 and 16)	199,213	185,950
Profit before Income Taxes	471,312	478,302
Income Taxes	(112,969)	(111,166)
Profit for the Period	¥ 358,343	¥ 367,136
Profit for the Period Attributable to:		
Owners of the parent (Note 4)	¥ 335,076	¥ 350,068
Non-controlling interests	23,267	17,068

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 192.95	¥ 201.42
Diluted	¥ 192.82	¥ 201.27

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2019 and 2018

	Millions of Yen	
	Nine-month period ended December, 2019	**Nine-month period ended December, 2018**
Comprehensive Income:		
Profit for the period	¥ 358,343	¥ 367,136
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(14,471)	49,870
Remeasurements of defined benefit pension plans	(403)	994
Share of other comprehensive income of investments accounted for using the equity method	4,576	(1,846)
Income tax relating to items not reclassified	5,401	(14,658)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(32,238)	(51,729)
Cash flow hedges	(3,590)	(8,119)
Share of other comprehensive income of investments accounted for using the equity method	(84,346)	12,639
Income tax relating to items that may be reclassified	5,956	991
Total other comprehensive income	(119,115)	(11,858)
Comprehensive Income for the Period	¥ 239,228	¥ 355,278
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 223,415	¥ 341,633
Non-controlling interests	15,813	13,645

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

Mitsui & Co., Ltd. and subsidiaries

For the Three-Month Periods Ended December 31, 2019 and 2018

	Millions of Yen	
	Three-month Period Ended December 31, 2019	Three-month Period Ended December 31, 2018
Revenue (Note 4, 5, and 13)	¥ 1,782,753	¥ 1,799,627
Cost	(1,570,519)	(1,590,265)
Gross Profit (Note 4)	212,234	209,362
Other Income (Expenses):		
Selling, general and administrative expenses (Note 7)	(156,120)	(143,037)
Gain (loss) on securities and other investments-net(Note 7)	(3,080)	5,286
Impairment reversal (loss) of fixed assets-net	(9,007)	(2,189)
Gain (loss) on disposal or sales of fixed assets-net	2,371	580
Other income (expense)-net	16,060	2,080
Total other income (expenses)	(149,776)	(137,280)
Finance Income (Costs):		
Interest income	9,458	9,715
Dividend income	39,859	39,399
Interest expense	(22,503)	(20,292)
Total finance income (costs)	26,814	28,822
Share of Profit (Loss) of Investments Accounted for Using the Equity Method (Note 4 and 7)	63,114	61,293
Profit before Income Taxes	152,386	162,197
Income Taxes	(44,902)	(30,617)
Profit for the Period	¥ 107,484	¥ 131,580
Profit for the Period Attributable to:		
Owners of the parent (Note 4)	¥ 100,923	¥ 127,198
Non-controlling interests	6,561	4,382
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 58.20	¥ 73.19
Diluted	¥ 58.16	¥ 73.13

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended December 31, 2019 and 2018

	Millions of Yen	
	Three-month Period Ended December 31, 2019	**Three-month Period Ended December 31, 2018**
Comprehensive Income:		
Profit for the period	¥ 107,484	¥ 131,580
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	43,666	(125,222)
Remeasurements of defined benefit pension plans	(233)	(36)
Share of other comprehensive income of investments accounted for using the equity method	5,329	(1,661)
Income tax relating to items not reclassified	(9,577)	42,192
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	30,503	(26,603)
Cash flow hedges	(166)	(6,322)
Share of other comprehensive income of investments accounted for using the equity method	49,829	(52,082)
Income tax relating to items that may be reclassified	362	807
Total other comprehensive income	119,713	(168,927)
Comprehensive Income for the Period	¥ 227,197	¥ (37,347)
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 216,484	¥ (36,176)
Non-controlling interests	10,713	(1,171)

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2019 and 2018

	Attributable to owners of the parent							
Millions of Yen	**Common Stock**	**Capital Surplus**	**Retained Earnings (Note 10)**	**Other Components of Equity (Note 9)**	**Treasury Stock**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance as at April 1, 2018	¥ 341,482	¥ 386,165	¥ 2,903,432	¥ 448,035	¥ (104,399)	¥ 3,974,715	¥ 243,408	¥ 4,218,123
Cumulative effect of changes in accounting policies			(3,535)			(3,535)		(3,535)
Balance as at April 1, 2018 after changes in accounting policies	341,482	386,165	2,899,897	448,035	(104,399)	3,971,180	243,408	4,214,588
Profit for the period			350,068			350,068	17,068	367,136
Other comprehensive income for the period				(8,435)		(8,435)	(3,423)	(11,858)
Comprehensive income for the period			350,068	(8,435)		341,633	13,645	355,278
Transaction with owners:								
Dividends paid to the owners of the parent			(139,038)			(139,038)		(139,038)
Dividends paid to non-controlling interest shareholders							(13,102)	(13,102)
Acquisition of treasury stock					(12)	(12)		(12)
Sales of treasury stock		(110)	(154)		279	15		15
Cancellation of treasury stock			(96,467)		96,467	―		―
Compensation costs related to stock options		231				231		231
Equity transactions with non-controlling interest shareholders		731		(212)		519	18,073	18,592
Transfer to retained earnings			11,777	(11,777)		―		―
Balance as at December 31, 2018	¥ 341,482	¥ 387,017	¥ 3,026,083	¥ 427,611	¥ (7,665)	¥ 4,174,528	¥ 262,024	¥ 4,436,552

	Attributable to owners of the parent							
Millions of Yen	**Common Stock**	**Capital Surplus**	**Retained Earnings (Note 10)**	**Other Components of Equity (Note 9)**	**Treasury Stock**	**Total**	**Non-controlling Interests**	**Total Equity**
Balance as at April 1, 2019	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies (Note 2)			(5,306)			(5,306)		(5,306)
Balance as at April 1, 2019 after changes in accounting policies	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the period			335,076			335,076	23,267	358,343
Other comprehensive income for the period				(111,661)		(111,661)	(7,454)	(119,115)
Comprehensive income for the period			335,076	(111,661)		223,415	15,813	239,228
Transaction with owners:								
Dividends paid to the owners of the parent			(139,071)			(139,071)		(139,071)
Dividends paid to non-controlling interest shareholders							(9,532)	(9,532)
Acquisition of treasury stock					(21,477)	(21,477)		(21,477)
Sales of treasury stock		(133)	(287)		421	1		1
Compensation costs related to stock options		23				23		23
Compensation costs related to share performance-linked restricted stock	294	294				588		588
Equity transactions with non-controlling interest shareholders		16,292		653		16,945	(25)	16,920
Transfer to retained earnings			36,048	(36,048)		―		―
Balance as at December 31, 2019	¥ 341,776	¥ 403,811	¥ 3,305,115	¥ 316,214	¥ (28,632)	¥ 4,338,284	¥ 273,398	¥ 4,611,682

Condensed Consolidated Statements of Cash Flows

Mitsui & Co., Ltd. and subsidiaries

For the Nine-Month Periods Ended December 31, 2019 and 2018

	Millions of Yen	
	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2018
Operating Activities:		
Profit for the period	¥ 358,343	¥ 367,136
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	185,394	134,710
Change in retirement benefit liabilities	(1,149)	(377)
Loss allowance	22,029	8,864
Reversal of provision related to Multigrain business	-	(11,083)
(Gain) loss on securities and other investments—net	(2,575)	(6,513)
Impairment (reversal) loss of fixed assets—net	11,603	3,581
(Gain) loss on disposal or sales of fixed assets—net	(7,186)	(5,842)
Interest income, dividend income and interest expense	(65,940)	(57,279)
Income taxes	112,969	111,166
Share of (profit) loss of investments accounted for using the equity method	(199,213)	(185,950)
Valuation gain (loss) related to contingent considerations and others	(3,807)	6,383
Changes in operating assets and liabilities:		
Change in trade and other receivables	(25,483)	(130,912)
Change in inventories	(83,192)	(64,057)
Change in trade and other payables	(48,197)	142,475
Other—net	26,899	(78,127)
Interest received	56,672	25,220
Interest paid	(73,480)	(62,279)
Dividends received	214,475	261,117
Income taxes paid	(115,645)	(120,878)
Income taxes refunded	24,354	24,118
Cash flows from operating activities	386,871	361,473
Investing Activities:		
Change in time deposits	2,436	(18,212)
Investments in equity accounted investees	(75,737)	(153,341)
Proceeds from sales of investments in equity accounted investees	7,817	33,661
Purchases of other investments	(28,609)	(87,119)
Proceeds from sales and maturities of other investments	85,303	29,587
Increases in loan receivables	(29,131)	(55,426)
Collections of loan receivables	26,680	19,277
Purchases of property, plant and equipment	(211,885)	(233,111)
Proceeds from sales of property, plant and equipment	21,062	43,849
Purchases of investment property	(10,782)	(15,731)
Proceeds from sales of investment property	6,472	120
Acquisition of subsidiaries or other businesses (Note 3)	-	(76,913)
Proceeds from sales of subsidiaries or other businesses	-	64,408
Cash flows from investing activities	(206,374)	(448,951)
Financing Activities:		
Change in short-term debt	19,944	53,409
Proceeds from long-term debt	698,011	501,773
Repayments of long-term debt	(745,014)	(508,018)
Purchases and sales of treasury stock	(21,476)	(12)
Dividends paid	(139,071)	(139,038)
Transactions with non-controlling interests shareholders	(2,183)	(2,047)
Cash flows from financing activities	(189,789)	(93,933)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(611)	3,253
Change in Cash and Cash Equivalents	(9,903)	(178,158)
Cash and Cash Equivalents at Beginning of Period	956,107	1,131,380
Cash and Cash Equivalents at End of Period	¥ 946,204	¥ 953,222

“Interest income, dividend income and interest expense”, “Interest received”, “Interest paid” and “Dividends received” of Condensed Consolidated Statements of Cash Flows include not only interest income, dividend income and interest expense that are included in “Finance Income (Costs)” of Condensed Consolidated Statements of Income, but also interest income, dividend income, interest expense that are included in Revenue and Cost respectively and cash flows related with them.

Notes to Condensed Consolidated Financial Statements
Mitsui & Co., Ltd. and subsidiaries

1. REPORTING ENTITY

Mitsui & Co., Ltd. (the "Company") is a company incorporated in Japan. Condensed Consolidated Financial Statements of the Company have a quarterly closing date as of December 31 and comprises the financial statements of the Company and its subsidiaries (collectively, the "companies"), and the interests in associated companies and joint ventures (collectively, the "equity accounted investees").

The companies, as sogo shosha or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers relating to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The companies conduct sales, export, import, offshore trades and manufacture of products in the areas of "Iron & Steel Products," "Mineral & Metal Resources," "Machinery & Infrastructure," "Chemicals," "Energy," "Lifestyle," and "Innovation & Corporate Development," while providing general services for retailing, information and communications, technical support, transportation, and logistics and financing.

In addition to the above, the companies are also engaged in the development of natural resources such as oil and gas, and iron and steel raw materials and in strategic business investments in new areas such as information technology, renewable energy, and environmental solution business.

2. BASIS OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ⅰ. BASIS OF PREPARATION

Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard No.34 ("IAS34") and not all information required in Consolidated Financial Statements as of the end of fiscal year is included. Therefore, Condensed Consolidated Financial Statements should be used with Consolidated Financial Statements of the previous fiscal year.

Ⅱ. USE OF ESTIMATES AND JUDGMENTS

The preparation of Condensed Consolidated Financial Statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments based on assumptions and estimates.

The judgments based on assumptions and estimates which could affect the accompanying Condensed Consolidated Financial Statements are the same as those of the previous fiscal year except for the following.

- Note 7 "IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS"
- Note 13 "FAIR VALUE MEASUREMENT"
- Note 16 "RECOVERABILITY OF DEFERRED TAX ASSETS IN MITSUI E&P MOZAMBIQUE AREA 1 LIMITED ACCOUNTED FOR USING THE EQUITY METHOD"

Ⅲ. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended December 31, 2019 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year except for the following.

The companies applied the following new standards for Condensed Consolidated Financial Statements from April 1, 2019.

IFRS	Title	Summaries
IFRS 16	Leases	Fundamental amendment of accounting for lease transactions

IFRS 16 "Leases"
In adopting IFRS 16, the companies recognized lease liabilities in relation to leases as a lessee, which had previously been classified as operating leases under the principles of IAS 17 "Leases". These liabilities are measured at the present value discounted using the group's incremental borrowing rate as of April 1, 2019, and are presented as "long-term debt" (including current portion). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 2.6%. The associated rights-of-use assets are measured either at the carrying amount as if the Standard had been applied since the commencement date or at the amount equal to the lease liability, and are presented as "Property, plant and equipment".
In transitioning to IFRS 16, the practical expedient was chosen, the companies have adopted this standard to contracts that were previously identified as leases under the principles of IAS 17 and IFRIC 4 "Determining whether an Arrangement Contains a Lease" (hereinafter referred to as "IFRIC 4") without reassessing whether a contract is, or contains, a lease at the date of initial application. The companies have not adopted this standard to contracts that were not previously identified as containing a lease under the principles of IAS 17 and IFRIC 4.
After the date of initial application, if a contract is, or contains, a lease, leases are recognized as a lease liability and a corresponding right-of-use asset at the date at which the asset is available for use by the companies. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense over the lease term at a constant rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease term includes periods of an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Note that short-term leases and leases for which the underlying asset is of low value apply exemption rules of the standards, and recognize the lease payments associated with those leases as an expense mainly on straight-line basis over the lease term.
The cumulative effects due to the application of this standard were recognized on the commencement date of adoption in accordance with the transitional arrangements, the retrospective restatement of prior periods have not been applied.
The following is a reconciliation of future minimum payments under non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the Condensed Consolidated Statement of financial position at the date of initial application.

	April 1, 2019 Millions of yen
Future minimum lease payments under non-cancellable operating lease as of March 31, 2019	313,317
Extension options that the lessee is reasonably certain to exercise that option, termination options that the lessee is reasonably certain not to exercise that option, and others	10,043
Lease liability recognized as at April 1, 2019 on adoption of IFRS16 (undiscounted)	323,360
Discounted using incremental borrowing rate	(51,039)
Lease liability recognized as at April 1, 2019 on adoption of IFRS16 (discounted)	272,321
Finance lease liabilities recognized as at March 31, 2019	67,140
Lease liabilities recognized as at April 1, 2019	339,461

Right-of-use assets newly recognized at the date of initial application in the Condensed Consolidated Statement of financial position were ¥257,624 million.

In applying IFRS 16 for the first time, the companies have used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the reliance on assessment of whether leases are onerous applying IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” immediately before the date of initial application as an alternative to performing an impairment review
- the accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3. BUSINESS COMBINATIONS

For the nine-month period ended December 31, 2019

No material business combinations were completed during the nine-month period ended December 31, 2019.

For the nine-month period ended December 31, 2018

Oil and Gas Company in Australia

The Company made a takeover bid for all of the issued shares of AWE Limited ("AWE"). On April 4, 2018, the bid was declared unconditional, as the Company satisfied the 50.1% minimum acceptance condition, and the bid completed on May 2, 2018. The number of Target Shares accepted was 610,500,574 shares (Percentage of total issued shares: 96.48%).
The Company has commenced the compulsory acquisition of all the remaining Target Shares to delist AWE from the Australian Securities Exchange ("ASX") by taking the necessary procedures in accordance with ASX rules and relevant regulations in Australia. Those procedures were completed on May 28, 2018, and the total consideration paid was ¥49,568 million (A$601 million).
AWE belongs to the energy industry focusing on oil and gas. Mitsui acquired AWE to invest in high-quality oil and gas assets in Australia as well as to obtain an operational platform for extending its business in the Australia oil and gas sector.
The Company was in the process of determining its purchase price allocation and presented provisional amounts for assets acquired and liabilities assumed in the consolidated financial statements for the nine-month period ended December 31, 2018. The process of determining its purchase price allocation was completed in the year ended March 31, 2019. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date. The measurement period adjustments did not have a significant impact.

		Millions of Yen
Current assets	¥	2,384
Property, plant and equipment		59,910
Other non-current assets		5,577
Total assets aquired	¥	67,871
Current liabilities		(2,050)
Non-current liabilities		(16,253)
Total liabilities assumed	¥	(18,303)
Net assets acquired	¥	49,568

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements. A net cash outflow in cash flows from investing activities of ¥48,240 million arising from the above business combination is included in “Acquisition of subsidiaries or other businesses” in the Condensed Consolidated Statements of Cash Flows for the nine-month period ended December 31, 2018.

Real Estate business in the U.S.

The Company acquired senior living properties and their operations from the current operators, West Living LLC, and the acquisition was completed through MBK Real Estate LLC ("MRE") on July 6, 2018. The total consideration paid was ¥28,673 million (U$256 million).
The acquired properties are geographically close to the locations of those currently owned/managed by MRE, allowing it to operate efficiently. Acquiring the properties is consistent with our strategic plan to address the increasing demands for U.S. senior housing.
The purchase price allocation has been completed. The following table summarizes the fair values of the assets acquired and liabilities at the acquisition date:

		Millions of Yen
Property, plant and equipment	¥	41,417
Other non-current assets		1,449
Total assets aquired	¥	42,866
Non-current liabilities		(14,193)
Total liabilities assumed	¥	(14,193)
Net assets acquired	¥	28,673

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements. A net cash outflow in cash flows from investing activities of ¥28,673 million arising from the above business combination is included in “Acquisition of subsidiaries or other businesses” in the Condensed Consolidated Statements of Cash Flows for the nine-month period ended December 31, 2018.

4. SEGMENT INFORMATION

Nine-month period ended December 31, 2019:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 184,168	¥ 824,195	¥ 680,325	¥ 1,198,018	¥ 620,200	¥ 1,554,980	¥ 131,253	¥ 5,193,139
Gross Profit	¥ 18,255	¥ 176,462	¥ 99,895	¥ 89,653	¥ 110,110	¥ 103,447	¥ 42,330	¥ 640,152
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 9,188	¥ 43,510	¥ 75,806	¥ 10,048	¥ 33,124	¥ 16,516	¥ 11,087	¥ 199,279
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 3,519	¥ 135,897	¥ 59,853	¥ 16,605	¥ 97,510	¥ 18,091	¥ 6,005	¥ 337,480
Core Operating Cash Flow	¥ 1,476	¥ 170,764	¥ 65,553	¥ 29,287	¥ 194,721	¥ 23,703	¥ 2,624	¥ 488,128
Total Assets at December 31, 2019	¥ 568,553	¥ 2,206,587	¥ 2,572,561	¥ 1,288,407	¥ 2,742,680	¥ 2,111,061	¥ 1,056,167	¥ 12,546,016

Nine-month period ended December 31, 2019:	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 2,250	¥ (1,400)	¥ 5,193,989
Gross Profit	¥ 709	¥ (438)	¥ 640,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 182	¥ (248)	¥ 199,213
Profit (Loss) for the Period Attributable to Owners of the parent	¥ (2,208)	¥ (196)	¥ 335,076
Core Operating Cash Flow	¥ 13,452	¥ 15,264	¥ 516,844
Total Assets at December 31, 2019	¥ 7,071,420	¥ (7,192,724)	¥ 12,424,712

Nine-month period ended December 31, 2018 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 156,414	¥ 755,525	¥ 597,560	¥ 1,322,666	¥ 540,128	¥ 1,494,701	¥ 142,799	¥ 5,009,793
Gross Profit	¥ 20,736	¥ 135,888	¥ 97,622	¥ 110,708	¥ 109,874	¥ 106,365	¥ 50,687	¥ 631,880
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 14,617	¥ 45,184	¥ 63,004	¥ 11,012	¥ 26,462	¥ 18,299	¥ 9,084	¥ 187,662
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 10,246	¥ 127,565	¥ 55,538	¥ 23,734	¥ 86,937	¥ 33,607	¥ 5,808	¥ 343,435
Core Operating Cash Flow	¥ (1,390)	¥ 149,381	¥ 57,895	¥ 40,988	¥ 194,068	¥ 21,301	¥ 6,059	¥ 468,302
Total Assets at March 31, 2019	¥ 606,557	¥ 2,222,894	¥ 2,450,551	¥ 1,337,737	¥ 2,425,363	¥ 2,006,139	¥ 971,833	¥ 12,021,074

Nine-month period ended December 31, 2018 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 3,199	¥ (23)	¥ 5,012,969
Gross Profit	¥ 1,594	¥ (397)	¥ 633,077
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 39	¥ (1,751)	¥ 185,950
Profit (Loss) for the Period Attributable to Owners of the parent	¥ (1,552)	¥ 8,185	¥ 350,068
Core Operating Cash Flow	¥ 6,309	¥ 17,483	¥ 492,094
Total Assets at March 31, 2019	¥ 7,044,713	¥ (7,120,008)	¥ 11,945,779

Three-month period ended December 31, 2019:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 66,301	¥ 274,541	¥ 255,640	¥ 423,202	¥ 173,745	¥ 541,781	¥ 48,020	¥ 1,783,230
Gross Profit	¥ 5,654	¥ 51,711	¥ 36,313	¥ 28,628	¥ 34,661	¥ 36,287	¥ 18,962	¥ 212,216
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 2,693	¥ 10,804	¥ 29,005	¥ 3,277	¥ 7,090	¥ 6,218	¥ 3,965	¥ 63,052
Profit for the Period Attributable to Owners of the parent	¥ 777	¥ 34,013	¥ 23,840	¥ 11,860	¥ 31,939	¥ 1,150	¥ 4,360	¥ 107,939
Core Operating Cash Flow	¥ 1,684	¥ 50,545	¥ 24,132	¥ 14,680	¥ 71,520	¥ 12,492	¥ 6,003	¥ 181,056

Three-month period ended December 31, 2019:	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 923	¥ (1,400)	¥ 1,782,753
Gross Profit	¥ 456	¥ (438)	¥ 212,234
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 85	¥ (23)	¥ 63,114
Profit for the Period Attributable to Owners of the parent	¥ 1,095	¥ (8,111)	¥ 100,923
Core Operating Cash Flow	¥ 5,208	¥ (15,839)	¥ 170,425

Three-month period ended December 31, 2018 (As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total
	Millions of Yen							
Revenue	¥ 57,898	¥ 254,485	¥ 257,350	¥ 475,659	¥ 204,403	¥ 508,316	¥ 40,743	¥ 1,798,854
Gross Profit	¥ 6,910	¥ 45,307	¥ 35,005	¥ 36,295	¥ 38,798	¥ 37,897	¥ 8,931	¥ 209,143
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 3,138	¥ 15,515	¥ 19,416	¥ 2,964	¥ 10,458	¥ 7,081	¥ 3,240	¥ 61,812
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 2,318	¥ 38,500	¥ 18,425	¥ 7,296	¥ 50,318	¥ 13,599	¥ (3,531)	¥ 126,925
Core Operating Cash Flow	¥ 1,016	¥ 54,785	¥ 26,511	¥ 9,984	¥ 86,076	¥ 7,870	¥ (3,571)	¥ 182,671

Three-month period ended December 31, 2018 (As restated):	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen		
Revenue	¥ 773	¥ -	¥ 1,799,627
Gross Profit	¥ 219	¥ -	¥ 209,362
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 11	¥ (530)	¥ 61,293
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 5,137	¥ (4,864)	¥ 127,198
Core Operating Cash Flow	¥ 2,014	¥ (8,993)	¥ 175,692

Notes:(1)"All Other" includes Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total Assets of "All Other" at December 31, 2019 and March 31, 2019 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.

(2)Transfers between reportable segments are made at cost plus a markup.

(3)Profit (Loss) for the Period Attributable to Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
(4)Core Operating Cash Flow is calculated by eliminating the sum of the "Changes in Operating Assets and Liabilities" from "Cash Flows from Operating Activities" as presented in the Condensed Consolidated Statements of Cash Flows.
(5)Due to the organizational restructuring with the aim of further strengthening of business, materials business and real estate business which were formerly included in "Lifestyle" segment are included in "Chemicals" segment and "Innovation & Corporate Development" segment respectively, from the three -month period ended June 30, 2019. In accordance with these changes, the segment information for the nine-month and the three-month periods ended December 31, 2018 has been restated to conform to the current period presentation.

5. REVENUE

Among "Revenue", the disaggregation of revenue recognized from contracts with customers by product segment is as follows. The following categories are same as in Note.4 *"SEGMENT INFORMATION"*. Please refer to Note.4 *"SEGMENT INFORMATION"* for the details of the restatement for the nine-month period ended Dec 31, 2018. Revenue other than revenue recognized from contracts with customers includes revenue related to lease and financial instruments, etc.

	Millions of Yen									
Nine-month period ended December 31, 2019:	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	All Other	Adjustments and Eliminations	Total
Revenue recognized from contracts with customers	¥ 178,737	¥ 664,381	¥ 611,431	¥ 1,180,017	¥ 389,933	¥ 1,199,165	¥ 101,759	¥ 2,460	¥ (1,398)	¥ 4,326,485

	Millions of Yen									
Nine-month period ended December 31, 2018: (As restated)	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	All Other	Adjustments and Eliminations	Total
Revenue recognized from contracts with customers	¥ 152,563	¥ 583,162	¥ 543,740	¥ 1,307,098	¥ 393,531	¥ 1,139,920	¥ 117,575	¥ 2,553	¥ (23)	¥ 4,240,119

6. ACQUISITONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

The amounts of acquisitions of property, plant and equipment for the nine-month period ended December 31, 2019 were ¥277,855 million and ¥22,569 million, respectively.
The amounts of acquisitions (excluding acquisitions through business combinations) and disposals of property, plant and equipment for the nine-month period ended December 31, 2018 were ¥237,803 million and ¥38,582 million, respectively. Please refer to Note 3. for significant acquisitions from business combinations.

7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

For the nine-month period ended December 31, 2019, Mitsui & Co. Mozambique Coal Finance Limited and Mitsui & Co. Nacala Infrastructure Investment B.V., which lend to Mozambique coal business or invest in Mozambique rail & port infrastructure business, recognized losses of ¥22,083 million as a loss allowance for doubtful debt and an impairment loss for investments accounted for using the equity method, as a result of the revisions to our various assumptions of long-term production plan due to a decrease in the amount of proven reserves regarding the Moatize mine business. In the Condensed Consolidated Statements of Income, a loss allowance is recorded by ¥12,224 million (Mineral & Metal Resources ¥9,779 million, Machinery & Infrastructure ¥2,445 million) in "Selling, general and administrative expenses", an impairment loss for investments accounted for using the equity method is recorded by ¥6,322 million (Mineral & Metal Resources ¥5,058 million, Machinery & Infrastructure ¥1,264 million) and ¥3,537 million (Mineral & Metal Resources ¥2,830 million, Machinery & Infrastructure ¥707 million) in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method" and "Gain (loss) on securities and other investments－net", respectively.

The amounts of impairment losses for assets for the nine-month period ended December 31, 2018 was not material.

The amounts of reversals of impairment losses for assets for the nine-month period ended December 31, 2019 and 2018 were not material.

8. ISSUES AND REPAYMENTS OF BONDS

The total amount of repaid bonds for the nine-month period ended December 31, 2019 was ¥ 10,471 million.
The total amount of issued bonds for the nine-month period ended December 31, 2019 was ¥ 81,259 million.

The total amount of repaid bonds for the nine-month period ended December 31, 2018 was ¥ 30,990 million.
The total amount of issued bonds for the nine-month period ended December 31, 2018 was ¥ 28,666 million.

9. EQUITY

Changes in other components of equity for the nine-month period ended December 31, 2019 and 2018 were as follows:

	Millions of Yen			
	Nine-month period ended December 31, 2019		Nine-month period ended December 31, 2018	
Financial Assets Measured at FVTOCI:				
Balance at beginning of period	¥	356,498	¥	306,911
Increase (decrease) during the period		(4,800)		35,688
Transfer to retained earnings		(36,432)		(11,037)
Balance at end of period	¥	315,266	¥	331,562
Remeasurements of Defined Benefit Pension Plans:				
Balance at beginning of period	¥	-	¥	-
Increase (decrease) during the period		(384)		740
Transfer to retained earnings		384		(740)
Balance at end of period	¥	-	¥	-
Foreign Currency Translation Adjustments:				
Balance at beginning of period	¥	124,506	¥	161,488
Increase (decrease) during the period		(66,068)		(55,642)
Balance at end of period	¥	58,438	¥	105,846
Cash Flow Hedges:				
Balance at beginning of period	¥	(17,734)	¥	(20,364)
Increase (decrease) during the period		(39,756)		10,567
Balance at end of period	¥	(57,490)	¥	(9,797)
Total:				
Balance at beginning of period	¥	463,270	¥	448,035
Increase (decrease) during the period		(111,008)		(8,647)
Transfer to retained earnings		(36,048)		(11,777)
Balance at end of period	¥	316,214	¥	427,611

10. DIVIDENDS

During the nine-month period ended December 31, 2019 and 2018, the Company paid dividends of ¥80 per share (total dividend of ¥139,071 million) and ¥80 per share (total dividend of ¥139,038 million), respectively.

11. EARNINGS PER SHARE

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the nine-month and three-month periods ended December 31, 2019 and 2018:

	Nine-month Period Ended December 31, 2019			Nine-month Period Ended December 31, 2018		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 335,076	1,736,552	¥ 192.95	¥ 350,068	1,737,958	¥ 201.42
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(22)	-		(34)	-	
Stock options ……………………	-	1,076		-	1,132	
Diluted earnings per share attributable to owners of the parent:	¥ 335,054	1,737,628	¥ 192.82	¥ 350,034	1,739,090	¥ 201.27

	Three-month Period Ended December 31, 2019			Three-month Period Ended December 31, 2018		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 100,923	1,734,119	¥ 58.20	¥ 127,198	1,738,019	¥ 73.19
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies.	(4)	-		(6)	-	
Stock options ……………………	-	976		-	1,236	
Diluted earnings per share attributable to owners of the parent:	¥ 100,919	1,735,095	¥ 58.16	¥ 127,192	1,739,255	¥ 73.13

12. CONTINGENT LIABILITIES

Ⅰ. GUARANTEES

The companies provide various types of guarantees for the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing or trade payable.

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of December31, 2019 and March 31, 2019. The maximum potential amount of future payments represents the amount without consideration of possible recovery under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications and, in the aggregate, they greatly exceed anticipated losses.
The companies evaluate risks involved for each guarantee through an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood of performing guarantees which would materially affect the consolidated financial position, operating results, or cash flows of the companies is remote at December 31, 2019.

	Millions of Yen			
	Maximum potential amount of future payments	**Amount outstanding (a)**	**Recourse provisions/ Collateral (b)**	**Net amount outstanding (a)-(b)**
December 31, 2019				
Type of guarantees:				
Financial guarantees				
Guarantees for third parties …………………	¥ 85,741	¥ 46,116	¥ 1,475	¥ 44,641
Guarantees for investments accounted for using the equity method ………………	1,055,998	736,371	75,289	661,082
Performance guarantees				
Guarantees for third parties …………………	37,698	32,330	14,730	17,600
Guarantees for investments accounted for using the equity method ………………	84,446	78,516	2,085	76,431
Total ………………	¥ 1,263,883	¥ 893,333	¥ 93,579	¥ 799,754

	Millions of Yen							
	Maximum potential amount of future payments		Amount outstanding (a)		Recourse provisions/ Collateral (b)		Net amount outstanding (a)-(b)	
March 31, 2019								
Type of guarantees:								
Financial guarantees								
Guarantees for third parties …………………	¥	113,959	¥	66,675	¥	3,915	¥	62,760
Guarantees for investments accounted for using the equity method ………………		864,773		598,869		44,718		554,151
Performance guarantees								
Guarantees for third parties …………………		42,326		36,488		12,681		23,807
Guarantees for investments accounted for using the equity method ………………		88,857		82,127		2,337		79,790
Total ………………	¥	1,109,915	¥	784,159	¥	63,651	¥	720,508

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding as of December 31, 2019 and March 31, 2019 will expire through 2027 and 2025, respectively.

Guarantees for investments accounted for using the equity method

The companies, severally or jointly with others, issue guarantees for investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of December 31, 2019 and March 31, 2019 will expire through 2031.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of December 31, 2019 and March 31, 2019.

	Millions of Yen			
	December 31, 2019		March 31, 2019	
Within 1 year ………………………………	¥	270,051	¥	354,699
After 1 to 5 years ……………………………		432,972		330,153
After 5 years ………………………………		560,860		425,063
Total ……………………………………	¥	1,263,883	¥	1,109,915

Ⅱ. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising from the conduct of the companies' businesses. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

(TAXATION ON CAPITAL GAIN IN INDIA)
Earlyguard Limited ("EG"), a UK subsidiary of Mitsui & Co., Ltd. received a tax payment notice dated January 21, 2020 which requested payment of 24billion Indian Rupees (37billion yen) from Indian tax authority.
The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued.
The company does not expect to have significant impact on our consolidated financial position, operating results and cash flow at this stage.

13. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows.
The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the assets or liabilities
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the assets or liabilities.

(1) Valuation techniques

Primary valuation techniques used for each financial instrument and non-financial asset measured at fair value are as follows:

Trades and other receivables
- Trades and other receivables other than measured at amortized cost are measured at fair value.

- Trades and other receivables other than measured at amortized cost are measured at fair value principally using the discounted cash flow method and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the customer. They are classified as level 3, considering the degree to which the inputs are observable in the relevant markets.

Other Investments

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded other investments are measured using quoted market prices and classified as level 1.
- Non-marketable other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. They are classified as level 3, considering the degree to which these inputs are observable in the relevant markets.

Derivative Instruments

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices in an active market are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from markets, financial information providers, and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

Inventories

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of December 31, 2019 and March 31, 2019 were not material.

(2) Valuation process

The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by appropriate personnel. Based on the policy and procedures, the personnel determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel of the Company. All of the valuations, including those performed by the external experts, are reviewed and approved by the responsible personnel of the Company.

(3) Assets and liabilities measured at fair value on a recurring basis

Information by fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2019 and March 31, 2019 were as follows. No assets or liabilities were transferred between level 1 and 2 for the nine-month period ended December 31, 2019 and 2018.

	Millions of Yen				
December 31, 2019	**Fair value measurements using**				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Trades and other receivables:					
Loan measured at FVTPL	-	-	¥ 22,851		
Total trades and other receivables	-	-	¥ 22,851	-	¥ 22,851
Other investments:					
Financial assets measured at FVTPL	¥ 19,592	-	¥ 113,519		
Financial assets measured at FVTOCI	949,845	-	744,716		
Total other investments	¥ 969,437	-	¥ 858,235	-	¥ 1,827,672
Derivative assets:					
Foreign exchange contracts	-	¥ 36,901	-		
Interest rate contracts	-	64,079	-		
Commodity contracts	¥ 17,989	652,408	¥ 634		
Others	-	-	16,316		
Total derivative assets	¥ 17,989	¥ 753,388	¥ 16,950	¥ (571,575)	¥ 216,752
Inventories	-	¥ 168,791	-	-	¥ 168,791
Total assets	¥ 987,426	¥ 922,179	¥ 898,036	¥ (571,575)	¥ 2,236,066
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	-	¥ 37,339	-		
Interest rate contracts	-	6,975	-		
Commodity contracts	¥ 18,993	656,961	¥ 1,203		
Others	-	-	9,238		
Total derivative liabilities	¥ 18,993	¥ 701,275	¥ 10,441	¥ (574,405)	¥ 156,304
Total liabilities	¥ 18,993	¥ 701,275	¥ 10,441	¥ (574,405)	¥ 156,304

	Millions of Yen									
March 31, 2019	**Fair value measurements using**									
	Level 1		**Level 2**		**Level 3**		**Netting adjustments***		**Total fair value**	
Assets:										
Trades and other receivables:										
Loan measured at FVTPL ………………		-		-	¥	22,415				
Total trades and other receivables		-		-	¥	22,415		-	¥	22,415
Other investments:										
Financial assets measured at FVTPL ……	¥	27,303		-	¥	111,504				
Financial assets measured at FVTOCI …		1,008,710		-		762,857				
Total other investments	¥	1,036,013		-	¥	874,361		-	¥	1,910,374
Derivative assets:										
Foreign exchange contracts ……………		-	¥	38,715		-				
Interest rate contracts ……………………		-		72,358		-				
Commodity contracts ……………………	¥	14,362		556,610	¥	1,116				
Others ……………………………………		-		-		13,254				
Total derivative assets	¥	14,362	¥	667,683	¥	14,370	¥	(501,950)	¥	194,465
Inventories …………………………………		-	¥	122,309		-		-	¥	122,309
Total assets …………………………………	¥	1,050,375	¥	789,992	¥	911,146	¥	(501,950)	¥	2,249,563
Liabilities:										
Derivative liabilities:										
Foreign exchange contracts ……………		-	¥	38,863		-				
Interest rate contracts ……………………		-		4,469		-				
Commodity contracts ……………………	¥	13,864		547,296	¥	653				
Others ……………………………………		-		-		13,985				
Total derivative liabilities	¥	13,864	¥	590,628	¥	14,638	¥	(495,038)	¥	124,092
Total liabilities ……………………………	¥	13,864	¥	590,628	¥	14,638	¥	(495,038)	¥	124,092

*Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts, and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The balance at beginning of period of the loan measured at FVTPL was ¥22,415 million and the balance of period of it was ¥22,851 million for the nine-month period ended December 31, 2019.
The balance at beginning of period of the loan measured at FVTPL was ¥21,380 million and the balance of period of it was ¥22,338 million for the nine-month period ended December 31, 2018.
There was no material movement other than its exchange rate change during both periods.

The reconciliation of financial assets measured at FVTPL for the nine-month period ended December 31, 2019 and 2018 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2019	**Nine-month period ended December 31, 2018**
Balance at beginning of period	¥ 111,504	¥ 110,827
Gains (losses)	(4,338)	4,441
Purchases	18,344	19,627
Sales	(8,268)	(10,906)
Transfers into Level 3	-	-
Transfers out of Level 3	-	(7,033)
Others (Note)	(3,723)	(7,379)
Balance at end of period	¥ 113,519	¥ 109,577
Net change in unrealized gains (losses) still held at end of period	¥ (4,554)	¥ 6,132

Note: “Others” includes the effect of changes in scope of consolidation.

Gains (losses) related to financial assets measured at FVTPL (“FVTPL gains (losses)”) were included in “Revenue”.

The reconciliation of financial assets measured at FVTOCI for the nine-month period ended December 31, 2019 and 2018 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2019	**Nine-month period ended December 31, 2018**
Balance at beginning of period	¥ 762,857	¥ 638,851
Other comprehensive income (Note1)	(19,900)	94,352
Purchases	16,386	28,740
Sales	(9,270)	(7,732)
Transfers into Level 3	-	-
Transfers out of Level 3	(2,175)	-
Others (Note2)	(3,182)	1,658
Balance at end of period	¥ 744,716	¥ 755,869

Note1: “Other comprehensive income" for the nine-month period ended December 31, 2018 increased mainly due to the extension of the project period of LNG project and the effect of change in foreign exchange rates.
"Other comprehensive income" for the nine-month period ended December 31, 2019 decreased mainly due to the fair value decline in investments in LNG projects reflecting the drop in oil prices and the effect of change in foreign exchange rates.

Note2: “Others” includes the effect of changes in scope of consolidation.

Other comprehensive income related to financial assets measured at FVTOCI was included in “Financial assets measured at FVTOCI” and "Foreign currency translation adjustmnet" in Condensed Consolidated Statements of Comprehensive Income.

Quantitative information about level 3 fair value measurements

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of December 31, 2019 and March 31, 2019 were as follows:

December 31, 2019	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	6.0% ~ 14.1%

March 31, 2019	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	6.5% ~ 17.1%

In addition to the above, the price of crude oil is one of the significant unobservable inputs used in measuring the fair value of non-marketable equity securities related to LNG business. The Company forecasts that the price will be in a range of US$60/bbl to US$90/bbl which is the highest and the lowest of several third parties’ price forecasts.

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of financial assets measured at FVTOCI using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value.

(4) Fair value of non-current financial assets and liabilities

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rate and long-term debt with fixed rate are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.
The fair values of financial instruments as of December 31, 2019 and March 31, 2019 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts reasonably approximate their fair values.

	Millions of Yen			
	December 31, 2019		March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Other investments measured at amortized cost	¥ 37,131	¥ 37,649	¥ 37,191	¥ 37,401
Non-current receivables				
Trade and other receivables and Other financial assets (*) ………………………	602,628	602,575	613,695	613,695
Non-current liabilities				
Long-term debts, less current portion and Other financial liabilities (*) ……………	¥ 4,309,885	¥ 4,366,697	¥ 3,881,152	¥ 3,949,398

(*)The fair values of Other financial assets and Other financial liabilities approximate their respective carrying amounts.

Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds.

14. REVERSAL OF PROVISION RELATED TO MULTIGRAIN BUSINESS

Regarding the provisions which Multigrain Trading AG ("Multigrain" a 100% owned subsidiary of the Company) has recognized as losses expected to arise from meeting the obligations under some of the long-term contracts, the contracts were terminated and this resulted in gains of ¥11,083 million for the nine-month period ended December 31, 2018, which was the deference between their termination costs and the provisions. The gains are presented as "Reversal of provision related to Multigrain business" within the Condensed Consolidated Statements of Income and included in the "Profit (Loss) for the Period Attributable to Owners of the parent" in the Lifestyle segment for the nine-month period ended December 31, 2018. Please see "4. *SEGMENT INFORMATION*".

15. THE FIRE INCIDENT OF INTERCONTINENTIAL TERMINALS COMPANY LLC

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal, of Intercontinental Terminals Company LLC ("ITC"), a wholly owned U.S. subsidiary of Mitsui & Co., Ltd. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire completely destroyed, or partially damaged, 15 out of 242 tanks and its surrounding facilities and was completely extinguished by March 22, 2019 (US time). ITC has resumed operation after discussions with relevant authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

The outstanding balance of provision related to this incident is ¥14,924 million for the year ended March 31, 2019. Most of the related costs have been paid out in the nine-month period ended December 31, 2019, and the outstanding balance of provision as of December 31, 2019 is immaterial. Further, although ITC recognized additional costs related to this incident in the nine-month period ended December 31, 2019, together with insurance benefits that were also booked, the net amount is immaterial.

There are multiple lawsuits that have been brought against ITC in relation to this incident. These lawsuits are at the early stages and the ultimate outcome of these lawsuits is not expected to have significant impact on our consolidated financial position, operating results and cash flow.

16. RECOVERABILITY OF DEFERRED TAX ASSETS IN MITSUI E&P MOZAMBIQUE AREA 1 LIMITED ACCOUNTED FOR USING THE EQUITY METHOD

The Company, together with its business partners, has made a final investment decision on the Mozambique LNG project through Mitsui E&P Mozambique Area 1 Limited, its joint venture in the Energy Segment which owns an interest in the LNG project.
Due to this final investment decision, the joint venture recognized deferred tax assets mainly for the exploration expenses occurred in prior years, and gain of ¥13,158 million have been recognized in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method".

17. AUTHORIZATION OF THE ISSUE OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issue of Condensed Consolidated Financial Statements was authorized by Tatsuo Yasunaga, Representative Director, President and CEO, and Takakazu Uchida, Representative Director, Senior Executive Managing Officer and CFO, on February 14, 2020.