Consolidated Financial Results for the Year Ended March 31, 2018 [IFRS]

Tokyo, May 8, 2018 - Mitsui & Co., Ltd. announced its consolidated financial results for the year ended March 31, 2018, based on International Financial Reporting Standards ("IFRS").

Mitsui & Co., Ltd. and subsidiaries
(Web Site : http://www.mitsui.com/jp/en/)

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1. Consolidated financial results

(1) Consolidated operating results information for the year ended March 31, 2018
(from April 1, 2017 to March 31, 2018)

		Year ended March 31,			
		2018	%	2017	%
Revenue	Millions of yen	4,892,149	12.1	4,363,969	△ 8.3
Profit before income taxes	Millions of yen	544,384	18.1	460,791	-
Profit for the year	Millions of yen	441,302	35.3	326,150	-
Profit for the year attributable to owners of the parent	Millions of yen	418,479	36.7	306,136	-
Comprehensive income for the year	Millions of yen	434,597	△ 17.2	525,157	-
Earnings per share attributable to owners of the parent, basic	Yen	237.67		171.20	
Earnings per share attributable to owners of the parent, diluted	Yen	237.50		171.10	
Profit ratio to equity attributable to owners of the parent	%	10.9		8.6	
Profit before income taxes to total assets	%	4.8		4.1	

Note:

1. Percentage figures for Revenue, Profit before income taxes, Profit for the year, Profit for the year attributable to owners of the parent, and Comprehensive income for the year represent changes from the previous year.

2. Share of profit (loss) of investments accounted for using the equity method for the years ended March 31, 2018 and 2017 were ¥234,941 million and ¥170,569 million, respectively.

(2) Consolidated financial position information

		March 31, 2018	March 31, 2017
Total assets	Millions of yen	11,306,660	11,501,013
Total equity	Millions of yen	4,218,123	3,990,162
Total equity attributable to owners of the parent	Millions of yen	3,974,715	3,732,179
Equity attributable to owners of the parent ratio	%	35.2	32.5
Equity per share attributable to owners of the parent	Yen	2,287.10	2,115.80

(3) Consolidated cash flow information

		Years ended March 31,	
		2018	2017
Operating activities	Millions of yen	553,645	404,171
Investing activities	Millions of yen	(248,211)	(353,299)
Financing activities	Millions of yen	(652,292)	(50,265)
Cash and cash equivalents at the end of the year	Millions of yen	1,131,380	1,503,820

2. Dividend information

		Years ended March 31, 2018	Years ended March 31, 2017	Year ending March 31, 2019 (Forecast)
Interim dividend per share	Yen	30	25	35
Year-end dividend per share	Yen	40	30	35
Annual dividend per share	Yen	70	55	70
Annual dividend (total)	Millions of yen	122,439	97,741	
Consolidated dividend payout ratio	%	29.5	32.1	29.0
Consolidated dividend on equity attributable to owners of the parent	%	3.2	2.7	

3. Forecast of consolidated operating results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

		Year ending March 31, 2019
Profit attributable to owners of the parent	Millions of yen	420,000
Earnings per share attributable to owners of the parent, basic	Yen	241.67

4. Others

(1) Increase/decrease of important subsidiaries during the period : Yes
Excluded: 1 company (MBK Healthcare Partners Limited)

(2) Changes in accounting policies and accounting estimate :
(i) Changes in accounting policies required by IFRS None
(ii) Other changes None
(iii) Changes in accounting estimates Yes

Note :
For further details please refer to page 23 "5. Consolidated Financial Statements (7) Changes in Accounting Estimates".

(3) Number of shares :

	March 31, 2018	March 31, 2017
Number of shares of common stock issued, including treasury stock	1,796,514,127	1,796,514,127
Number of shares of treasury stock	58,632,655	32,558,297

	Year ended March 31, 2018	Year ended March 31, 2017
Average number of shares of common stock outstanding	1,760,728,440	1,788,165,778

This earnings report is not subject to audit.

A Cautionary Note on Forward-Looking Statements:
This report contains forward-looking statements including those concerning future performance of Mitsui & Co., Ltd. ("Mitsui"), and those statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it. Various factors may cause Mitsui's actual results to be materially different from any future performance expressed or implied by these forward-looking statements. Therefore, these statements do not constitute a guarantee by Mitsui that such future performance will be realized.
For key assumptions on which the statements concerning future performance are based, please refer to (2) "Forecasts for the Year Ending March 31, 2019" on p.13. For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on p.16.

Supplementary materials and IR meetings on financial results:
Supplementary materials on financial results can be found on our web site.
We will hold an IR meeting on financial results for analysts and institutional investors on May 9, 2018.
Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

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1. Qualitative Information

As of the date of disclosure of this earnings report, the audit procedures for consolidated financial statements have not been completed.

(1) Operating Environment

In the year ended March 31, 2018, the global economy saw ongoing gradual growth in both developed countries and emerging countries supported by firm spending and investment.
In the U.S., consumer spending continues to be resilient supported by a favorable environment for employment and employee income. At the same time, tax reform is expected to drive capital investment. As such, economic recovery is expected to continue for the time being. In Europe, though the economy has been resilient following growth in spending and investment, this growth is expected to weaken going forward as corporate business confidence plateaus. In Japan, gradual economic recovery is expected to continue as a result of consumer spending continuing to be resilient following improvement in the employment environment, and because of increases in both investment related to the Olympic and Paralympic Games, and in capital investment focused on labor-saving initiatives. In emerging countries, while stable growth continues in China, this growth is expected to weaken following an environment of excess capacity and adjustments of debts. At the same time, future growth is expected in India due to the progress of economic reform such as the introduction of the Goods and Services Tax. Also, the trend of gradual recovery is expected to continue in Brazil with consumption and investment picking up. However, limited growth is expected to continue in Russia due in part to ongoing sanctions from the U.S. and other nations.
The global economy is expected to follow a trend of gentle recovery going forward. However, careful watch continues to be needed on the escalation of geopolitical risk surrounding the Middle East, the future prospects for the European and U.S. economies, which have shown signs of maturity in some parts, the impact of the Federal Reserve Board’s monetary tightening on the economies of emerging countries, and trends in U.S. trade policy.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Year	Previous Year	Change
Revenue		4,892.1	4,364.0	+528.1
Gross profit		790.7	719.3	+71.4
Selling, general and administrative expenses		(571.7)	(539.0)	(32.7)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	55.1	65.0	(9.9)
	Impairment Reversal (Loss) of Fixed Assets—Net	(25.5)	(5.7)	(19.8)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	15.1	11.0	+4.1
	Other Income (Expense)—Net	15.8	9.9	+5.9
	Provision Related to Multigrain Business	(25.0)	-	(25.0)
Finance Income (Costs)	Interest Income	36.5	34.9	+1.6
	Dividend Income	84.8	51.9	+32.9
	Interest Expense	(66.5)	(57.0)	(9.5)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		234.9	170.6	+64.3
Income Taxes		(103.1)	(134.6)	+ 31.5
Profit for the Year		441.3	326.2	+115.1
Profit for the Year Attributable to Owners of the Parent		418.5	306.1	+112.4

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

Revenue

Revenue from sales of products for the year ended March 31, 2018 (“current year”) was ¥4,330.8 billion, an increase of ¥497.2 billion from the year ended March 31, 2017 (“previous year”), and revenue from rendering of services for the current year was ¥436.6 billion, an increase of ¥30.7 billion from the previous year. Furthermore, other revenue for the current year was ¥124.7 billion, an increase of ¥0.2 billion from the previous year.

Gross Profit

Mainly the Energy Segment and the Mineral & Metal Resources Segment reported an increase in gross profit, while the Chemicals Segment recorded a decline.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current year, a gain on securities was recorded in the Mineral & Metal Resources Segment, while a gain and a loss on securities were recorded in the Machinery & Infrastructure Segment. Furthermore, losses on securities were recorded in the Lifestyle Segment and the Innovation & Corporate Development Segment. For the previous year, gains on securities were recorded in the Mineral & Metal Resources Segment, the Lifestyle Segment, the Machinery & Infrastructure Segment and the Innovation & Corporate Development Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current year, an impairment loss on fixed assets was recorded in the Lifestyle Segment and the Machinery & Infrastructure Segment.

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

For the current year, a gain on disposal of fixed assets was recorded in the Lifestyle Segment and the Innovation & Corporate Development Segment. For the previous year, a gain on disposal of fixed assets was recorded in the Lifestyle Segment.

Other Income (Expense)—Net

The Iron & Steel Products Segment recorded a valuation profit on the derivative in relation to a price adjustment clause for an investment in an equity accounted investee and exploration expenses declined mainly in the Energy Segment.

Provision Related to Multigrain Business

The Lifestyle Segment recorded a provision related to Multigrain business due to the deterioration of the business environment.

Finance Income (Costs)

Dividend Income

Mainly the Energy Segment and the Mineral & Metal Resources Segment reported an increase.

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

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

Income Taxes
For the current year, deferred tax liabilities on the investment into Valepar S.A. were reversed. Furthermore, deferred tax liabilities on equity accounted investments were reversed upon receiving dividends from those investees, and deferred tax liabilities were reversed due to the U.S. tax reform. On the other hand, income taxes for the current year increased as profit before income taxes for the current year increased by ¥83.6 billion, and deferred tax assets on equity accounted investments as well as Multigrain Trading AG were reversed.
The effective tax rate for the current year was 18.9%, a decline of 10.3% from 29.2% for the previous year. The aforementioned reversal of deferred tax liabilities resulted in the decline, while the reversal of deferred tax assets caused an increase.

Profit for the Year Attributable to Owners of the Parent
Profit for the year attributable to owners of the parent was ¥418.5 billion, an increase of ¥112.4 billion from the previous year.

2) Operating Results by Operating Segment

Effective April 1, 2017, the region-focused reporting segments were aggregated into product-focused reporting segments, and the allocation of overhead costs and income taxes to reporting segments was changed. In accordance with the aforementioned changes, the operating segment information for the previous year has been restated to conform to the operating segments as of April 2017.

Iron & Steel Products Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	24.7	10.9	+13.8
Gross profit	41.9	36.7	+5.2
Profit (loss) of equity method investments	13.3	11.1	+2.2
Dividend income	2.5	2.8	(0.3)
Selling, general and administrative expenses	(32.1)	(35.0)	+2.9
Others	(0.9)	(4.7)	+3.8

- The following factors mainly affected results:
  - For the current year, a valuation profit on the derivative of ¥4.8 billion was recorded in relation to a price adjustment clause for the investment in Gestamp Automoción S.A.
  - For the current year, Game Changer Holdings reported a gain of ¥3.5 billion due to a reversal of deferred tax liability upon the U.S. tax reform.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	257.6	144.3	+113.3
Gross profit	206.8	176.8	+30.0
Profit (loss) of equity method investments	61.8	48.5	+13.3
Dividend income	16.4	2.0	+14.4
Selling, general and administrative expenses	(44.4)	(31.8)	(12.6)
Others	17.0	(51.2)	+68.2

- Gross profit increased mainly due to the following factors:
  - Iron ore mining operations in Australia reported an increase of ¥13.6 billion due to higher iron ore prices.

- Coal mining operations in Australia reported an increase of ¥12.3 billion due to higher coal prices.

- Profit (loss) of equity method investments increased mainly due to the following factors:
  - Inversiones Mineras Acrux SpA, a copper mining company in Chile, reported an increase of ¥11.7 billion mainly due to a reversal effect of impairment loss for the previous year, its reversal for the current year and higher copper prices.
  - Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile, reported an increase of ¥5.1 billion mainly due to higher copper prices.
  - Valepar S.A. declined by ¥9.6 billion mainly due to the incorporation by Vale S.A. in the three month period ended September 30, 2017.
- For the current year, a dividend from Vale S.A. of ¥8.7 billion was recorded.
- In addition to the above, the following factors also affected results:
  - Following the incorporation of Valepar S.A. by Vale S.A., the Mineral & Metal Resources Business Unit reported a gain on securities of ¥56.3 billion and the reversal of deferred tax liability of ¥35.2 billion for the taxable temporary differences on the investment in Valepar S.A.
  - For the current year, following the dividend received from Inner Mongolia Erdos Electric Power & Metallurgical Ltd, the reversal of deferred tax liability for the taxable temporary differences on the equity accounted investment was reported.
  - For the previous year, as a result of the deconsolidation of Sims Metal Management from an equity accounted investee, a profit of ¥26.9 billion on securities was recorded.
  - For the current year, a provision of ¥14.7 billion for doubtful debt and an impairment loss on an equity accounted investment of ¥3.9 billion were posted, reflecting the revisions to our various assumptions regarding SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	89.6	66.8	+22.8
Gross profit	121.9	114.5	+7.4
Profit (loss) of equity method investments	96.5	64.3	+32.2
Dividend income	3.4	3.0	+0.4
Selling, general and administrative expenses	(121.5)	(115.9)	(5.6)
Others	(10.7)	0.9	(11.6)

- Gross profit increased mainly due to the following factor:
  - Mitsui & Co. Plant Systems, Ltd. reported an increase of ¥3.4 billion reflecting a higher volume of sales in the electricity business.
- Profit (loss) of equity method investments increased mainly due to the following factors:
  - IPP businesses recorded an increase of ¥37.8 billion.
    - For the current year, ¥20.3 billion in gains on the sales of interests in the UK IPP business were recorded.
    - For the previous year, impairment loss on the intangible asset has been recorded in relation to previously purchased IPP business.
    - For the previous year, a loss in relation to closure of a power plant in Australia was recorded.
    - Mark-to-market valuation losses, such as those on long-term derivative contracts, were improved by ¥2.6 billion to ¥0.6 billion from a ¥2.0 billion loss for the previous year.
    - The IPP business in Indonesia recorded a decline of tax burden due to the Indonesian tax reform for the previous year, while it recorded a ¥3.9 billion gain due to its refinance for the current year.
  - Penske Automotive Group, Inc. recorded an increase of ¥4.8 billion mainly due to the U.S. tax reform.

- For the current year, a loss was recorded at an equity accounted investee due to an anticipated deterioration of an overseas project.
- For the current year, reserves of ¥5.1 billion for financing projects in Latin America were recorded.
- For the current year, a loss was recorded due to an impairment loss incurred for the overseas rail business.

- In addition to the above, the following factors also affected results:
  - For the previous year, a gain of ¥5.8 billion due to sale of the wind power generation business in Australia was recorded.
  - For the previous year, other income was recorded due to receipt of adjustment fees in relation to the purchase price of an IPP business.
  - For the current year, an impairment loss of ¥5.4 billion on fixed assets was recorded in relation to container terminal development and operation.
  - For the previous year, a gain on sale of a stake in relation to the aviation business of ¥4.1 billion was reported.
  - For the current year, a financing subsidiary of the IPP business in Indonesia recorded a loss of ¥4.1 billion due to the refinance.
  - For the current year, a holding company for UK IPP business recorded a valuation loss of ¥3.5 billion on securities, following the sale of interests.
  - For the current year, following the dividend received from the IPP project, the reversal of deferred tax liability for the taxable temporary differences on the equity accounted investment was reported.
  - For the current year, a gain on a partial sale of an equity accounted investment was recorded.

Chemicals Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	34.2	32.7	+ 1.5
Gross profit	136.6	145.6	(9.0)
Profit (loss) of equity method investments	11.3	3.9	+7.4
Dividend income	2.3	1.9	+0.4
Selling, general and administrative expenses	(96.6)	(93.5)	(3.1)
Others	(19.4)	(25.2)	+5.8

- Gross profit declined mainly due to the following factor:
  - Novus International, Inc. reported a decline of ¥16.9 billion mainly due to lower methionine prices.
- In addition to the above, the following factor also affected results:
  - For the current year, Intercontinental Terminals Company LLC reported a gain of ¥8.4 billion due to a reversal of deferred tax liabilities upon the U.S. tax reform.

Energy Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent	48.6	31.7	+16.9
Gross profit	96.8	63.9	+32.9
Profit (loss) of equity method investments	24.5	17.1	+7.4
Dividend income	51.9	32.6	+19.3
Selling, general and administrative expenses	(42.1)	(43.1)	+1.0
Others	(82.5)	(38.8)	(43.7)

- Gross profit increased mainly due to the following factors:
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥17.1 billion mainly due to a decrease in costs and the effect of foreign currency fluctuation.

- Mitsui E&P USA LLC reported an increase of ¥9.7 billion mainly due to higher gas prices and an increase in production.
- MEP Texas Holdings LLC reported an increase of ¥4.9 billion mainly due to higher crude oil prices.
- Mitsui E&P Middle East B.V. reported an increase of ¥4.5 billion mainly due to higher crude oil prices and an increase in production.
- Mitsui E&P Australia Pty Ltd reported an increase of ¥4.4 billion mainly due to higher crude oil prices.
- Westport Petroleum Inc. reported a decrease of ¥3.7 billion from its trading operations.

- Profit of equity method investment increased mainly due to the following factor:
  - Japan Australia LNG (MIMI) Pty. Ltd. reported an increase due to higher crude oil prices.
- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥50.1 billion in total, an increase of ¥19.7 billion from the previous year.
- In addition to the above, the following factors also affected results:
  - For the current year, MEPUS Holdings LLC, a holding company of U.S. shale gas and oil production business, reported a loss of ¥14.9 billion due to a reversal of deferred tax assets following the U.S. tax reform.
  - For the current year, exploration expenses of ¥7.0 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd. For the previous year, exploration expenses of ¥7.5 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd.

Lifestyle Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit (Loss) for the year attributable to owners of the parent	(26.3)	25.4	(51.7)
Gross profit	139.5	136.2	+3.3
Profit (loss) of equity method investments	22.8	24.1	(1.3)
Dividend income	4.3	4.3	0.0
Selling, general and administrative expenses	(153.0)	(139.5)	(13.5)
Others	(39.9)	0.3	(40.2)

- Gross profit increased mainly due to the following factors:
  - XINGU AGRI AG reported an increase of ¥4.0 billion mainly due to the reversal effect of the drought in the previous year.
  - Multigrain Trading AG reported a decline of ¥4.2 billion mainly due to the poor performance of the origination and merchandising business.
- Profit (loss) of equity method investments declined mainly due to the following factors:
  - Ventura Foods LLC reported a decline of ¥3.9 billion mainly due to the poor performance of the edible oil products business.
  - Panasonic Healthcare Holdings Co., Ltd. (now called PHC Holdings Corporation) reported an increase as a new contributor.
- In addition to the above, the following factors also affected results:
  - For the current year, Multigrain Trading AG recorded a provision of ¥25.5 billion due to the deterioration of the business environment, tax expenses of ¥8.6 billion mainly resulting from the reversal of deferred tax assets and losses of ¥4.1billion mainly related to asset impairments.
  - For the previous year, a ¥14.6 billion gain on sale of shares was recorded due to the partial sale of shares in IHH Healthcare Berhad.
  - For the current year, XINGU AGRI AG recorded an impairment loss on fixed assets of ¥11.3 billion due to a decline in the value of land.

- For the current year, MBK Healthcare Network Ltd. recorded an impairment loss on securities of ¥5.9 billion due to the revision of the future business plan for DaVita Care Pte. Ltd., in which MBK Healthcare Network Ltd. invested.
- For the current year, the Lifestyle Segment recorded a gain on the reversal of deferred tax liability of ¥8.3 billion due to the liquidation of MBK Healthcare Partners Limited, which held IHH Healthcare Berhad.
- For the current year, Mitsui & Co. Real Estate Ltd. recorded a gain on the sales of buildings in Japan.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Year	Previous Year	Change
Profit (Loss) for the year attributable to owners of the parent	(4.6)	11.0	(15.6)
Gross profit	45.1	45.0	+0.1
Profit (loss) of equity method investments	5.0	2.1	+2.9
Dividend income	2.7	4.1	(1.4)
Selling, general and administrative expenses	(50.8)	(50.2)	(0.6)
Others	(6.6)	10.0	(16.6)

- Gross profit increased mainly due to the following factors:
  - A ¥4.5 billion gain was recorded due to the valuation gains of fair value on shares for the current year in Hutchison China MediTech Ltd.
  - For the current year, a gain was recorded due to the valuation gains of fair value on shares in a Japanese company.
  - For the current year, a ¥6.0 billion loss was recorded due to the valuation losses of fair value on shares of a high speed mobile data network operator in developing countries.
- In addition to the above, the following factors also affected results:
  - For the previous year, a profit of ¥4.8 billion on securities of Hutchison China MediTech Ltd was recorded.
  - A decline of ¥3.8 billion was recorded at an equity accounted investee due to an anticipated deterioration in relation to an investment.
  - For the current year, a loss of ¥3.1 billion on securities of Naaptol Online Shopping Pvt. Ltd. was recorded.
  - For the current year, a gain on the sales of warehouses in Japan was recorded.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of yen)	March 31, 2018	March 31, 2017	Change
Total Assets	11,306.7	11,501.0	(194.3)
Current Assets	4,226.2	4,474.7	(248.5)
Non-current Assets	7,080.5	7,026.3	+54.2
Current Liabilities	2,698.8	2,524.0	+174.8
Non-current Liabilities	4,389.8	4,986.9	(597.1)
Net Interest-bearing Debt	*3,089.2*	*3,282.1*	*(192.9)*
Total Equity Attributable to Owners of the Parent	3,974.7	3,732.2	+242.5
Net Debt-to-Equity Ratio (times)	0.78	0.88	(0.10)

<u>Assets</u>

Current Assets:

- Cash and cash equivalents declined by ¥372.4 billion, mainly due to repayment of debt.
- Trade and other receivables increased by ¥26.6 billion, mainly because trading volume increased in the Energy Segment, prices and trading volume increased and March 31, 2018 fell under the financial institutions' holiday in the Chemical Segment, despite the decrease due to the transfer to Assets held for sale.
- Advance payments to suppliers increased by ¥81.9 billion, mainly due to an increase in trading volume in the Machinery & Infrastructure Segment.
- Assets held for sale increased by ¥108.9 billion, because assets expected to be transferred from Mitsui and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION are presented as a single line item as of March 31, 2018.

Non-current Assets:

- Investments accounted for using the equity method declined by ¥238.7 billion, mainly due to the following factors:
  - A decline of ¥250.8 billion corresponding to the incorporation of Valepar S.A. by Vale S.A.;
  - A decline of ¥73.6 billion resulting from foreign currency exchange fluctuations;
  - An increase of ¥234.9 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥285.9 billion due to dividends received from equity accounted investees;
  - An increase of ¥48.3 billion due to an additional acquisition of a stake in Penske Truck Leasing Co., L.P., which is engaged in truck leasing and rental business in North America;
  - An increase of ¥16.9 billion due to an investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S.; and
  - An increase of ¥15.1 billion due to an additional acquisition of a stake in International Columbia U.S. LLC, the holding company for Asia's largest hospital group for middle-income patients.
- Other investments increased by ¥487.8 billion, mainly due to the following factors:
  - An increase of ¥307.1 billion corresponding to the incorporation of Valepar S.A. by Vale S.A.;
  - Fair value on financial assets measured at FVTOCI increased by ¥159.5 billion mainly due to higher share prices;
  - An increase of ¥14.2 billion due to an investment in the Russian pharmaceutical company JSC R-Pharm; and
  - An increase of ¥10.2 billion due to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION.
- Trade and other receivables (Non-Current) declined by ¥77.0 billion, mainly due to the following factors:
  - A decline of ¥28.0 billion due to collection of loan to the IPP business in Indonesia;
  - A decline of ¥19.4 billion due to collection of loan to SUMIC Nickel Netherlands, an investment company for overseas Nickel businesses;
  - A decline of ¥16.9 billion mainly due to reclassification of partial subsidiaries under Mitsui Rail Capital Participações Ltda., the holding company for freightcar leasing and management business in Brazil, to equity accounted investees;
  - A decline of ¥13.6 billion due to recording allowance for doubtful receivables against the loan to SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine;
  - An increase of ¥19.3 billion due to execution of loan to Gestamp Automoción S.A's North American operations; and
  - An increase of ¥13.4 billion due to execution of loan to the offshore energy business.
- Property, plant and equipment declined by ¥93.6 billion, mainly due to the following factors:
  - A decline of ¥34.0 billion at U.S. shale gas and oil producing operations mainly due to partial sale

of interest in the Marcellus Shale Gas Project (including a foreign exchange translation loss of ¥8.1 billion);
  - A decline of ¥30.5 billion (including a foreign exchange translation loss of ¥16.3 billion) at iron ore mining operations in Australia;
  - A decline of ¥30.1 billion (including a foreign exchange translation loss of ¥15.3 billion) at oil and gas operations other than U.S. shale gas and oil producing operations; and
  - An increase of ¥10.5 billion for the integrated development project in the 2, Ohtemachi 1-Chome District.
- Investment property increased by ¥9.2 billion, mainly due to an increase of ¥13.8 billion for the integrated development project in the 2, Ohtemachi 1-Chome District.
- Deferred tax assets declined by ¥43.1 billion, mainly due to a reduction in the corporate tax rate following the U.S. tax reform.

<u>Liabilities</u>
Current Liabilities:
- Short-term debt declined by ¥103.0 billion, mainly due to repayment of debt. Meanwhile, the current portion of long-term debt increased by ¥94.3 billion, mainly due to reclassification to current maturities, despite repayment of debt.
- Trade and other payables increased by ¥60.6 billion, corresponding to the increase in trade and other receivables. Furthermore, advances from customers increased by ¥75.7 billion, corresponding to the increase in advance payments to suppliers.
- Liabilities directly associated with assets held for sale increased by ¥40.3 billion, because liabilities expected to be transferred from Mitsui and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION are presented as a single line item as of March 31, 2018.

Non-current Liabilities:
- Long-term debt, less the current portion, declined by ¥565.9 billion, mainly due to reclassification to current maturities, repayment of debt and reclassification of partial subsidiaries under Mitsui Rail Capital Participações Ltda., the holding company for freightcar leasing and management in Brazil, to equity accounted investees.
- Provisions increased by ¥3.9 billion, mainly due to recording of a provision related to Multigrain business, despite the decrease of the asset retirement obligation by ¥19.0 billion at oil and gas operations other than U.S. shale gas and oil producing operations.
- Deferred tax liabilities declined by ¥14.4 billion, mainly due to the reversal of deferred tax liability for the retained earnings of Valepar S.A. corresponding to the incorporation of Valepar S.A. by Vale S.A., the reversal of deferred tax liability on undistributed profits corresponding to receipt of dividends from the equity accounted investees which are engaged in the IPP business, and a reduction in the corporate tax rate following the U.S. tax reform, despite the increase in financial assets measured at FVTOCI corresponding to higher share prices.

<u>Total Equity Attributable to Owners of the Parent</u>
- Capital surplus declined by ¥23.3 billion mainly due to the decrease corresponding to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.
- Retained earnings increased by ¥353.3 billion.
- Other components of equity declined by ¥37.4 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥102.8 billion, mainly due to higher share prices.
  - Foreign currency translation adjustments declined by ¥146.6 billion, mainly reflecting the appreciation of the Japanese yen against the U.S. dollar, the Australian dollar, and the Brazilian

real.

- Treasury stock which is a subtraction item in shareholders' equity increased by ¥50.0 billion, due to share buy-back.
- Non-controlling interests declined by ¥14.6 billion, mainly due to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi which is a copper mining company in Chile.

2) Cash Flows

(Billions of yen)	Current Year	Previous Year	Change
Cash flows from operating activities	553.6	404.2	+149.4
Cash flows from investing activities	(248.2)	(353.3)	+105.1
Free cash flow	305.4	50.9	+254.5
Cash flows from financing activities	(652.3)	(50.3)	(602.0)
Effect of exchange rate changes on cash and cash equivalents etc.	(25.5)	12.4	(37.9)
Change in cash and cash equivalents	(372.4)	13.0	(385.4)

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash flows from operating activities	a	553.6	404.2	+149.4
Cash flows from change in working capital	b	(112.9)	(90.6)	(22.3)
Core operating cash flow	a-b	666.5	494.8	+171.7

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥112.9 billion of net cash outflow mainly due to the effects of Other - net. 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 year amounted to ¥666.5 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥376.4 billion, an increase of ¥181.7 billion from ¥194.7 billion for the previous year.
  - Depreciation and amortization for the current year was ¥192.6 billion, a decline of ¥0.7 billion from ¥193.3 billion for the previous year.

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

(Billions of Yen)	Current Year	Previous Year	Change
Iron & Steel Products	14.2	8.6	+5.6
Mineral & Metal Resources	240.8	202.1	+38.7
Machinery & Infrastructure	158.8	74.4	+84.4
Chemicals	50.2	53.8	(3.6)
Energy	175.3	134.1	+41.2
Lifestyle	7.1	8.4	(1.3)
Innovation & Corporate Development	3.1	6.1	(3.0)
All Other and Adjustments and Eliminations	17.0	7.3	+9.7
Consolidated Total	666.5	494.8	+171.7

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 ¥115.0 billion, mainly due to the following factors:

  - An additional acquisition of a stake in Penske Truck Leasing Co., L.P., which is engaged in the truck leasing and rental business in North America, for ¥48.3 billion;
  - An investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S., for ¥16.9 billion;
  - An investment in CIM Group, LLC for ¥10.1 billion;
  - A sale of a stake in relation to the water concession business in Czech Republic; and
  - A partial sale of an equity accounted investment for ¥10.9 billion.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥23.5 billion, mainly due to the following factors:
  - An investment in the Russian pharmaceutical company JSC R-Pharm for ¥22.0 billion;
  - An acquisition of a healthcare staffing project in the U.S. for ¥13.3 billion;
  - An additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION for ¥10.2 billion; and
  - A sale of a stake in Champions Cinco Pipe & Supply LLC, oil and gas well tubular business.
- Net cash inflows that corresponded to collections of loan receivables (net of increases in loan receivables) were ¥25.7 billion, mainly due to the following factors:
  - Collection of loan to the IPP business in Indonesia for ¥28.0 billion;
  - Collection of loan to SUMIC Nickel Netherlands, an investment company for overseas Nickel businesses for ¥19.4 billion;
  - Collection of loan corresponding to the sales of the interest in UK First Hydro power assets for ¥18.4 billion;
  - Execution of loan to Gestamp Automoción S.A's North American operations for ¥19.3 billion; and
  - Execution of loan to the offshore energy business for ¥13.4 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥135.7 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 ¥64.1 billion;
  - An expenditure for iron ore mining operations in Australia for ¥15.0 billion;
  - An expenditure for coal mining operations in Australia for ¥13.9 billion;
  - An expenditure for the U.S. shale gas and oil projects for ¥11.5 billion;
  - An expenditure for the integrated development project in the 2, Ohtemachi 1-Chome District for ¥10.5 billion; and
  - A partial sale of interest in the Marcellus Shale Gas Project for ¥15.8 billion.
- Net cash outflows that corresponded to sales of investment property (net of purchases of investment property) were ¥8.1 billion, mainly due to the following factors:
  - An expenditure for the integrated development project in the 2, Ohtemachi 1-Chome District for ¥13.8 billion; and
  - A sale of buildings in Japan by Mitsui & Co. Real Estate Ltd. for ¥10.5 billion.

Cash Flows from Financing Activities
- Net cash outflows from net change in short-term debt and long-term debt were ¥99.0 billion and ¥351.2 billion, respectively, mainly due to the repayment of debt.
- The cash outflow from the purchases of treasury stock was ¥50.0 billion.
- The cash outflow from payments of cash dividends was ¥105.8 billion.
- The cash outflow from transactions with non-controlling interest shareholders was ¥46.2 billion, mainly due to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.

2. Management Policies

(1) Progress with the Medium-term Management Plan

Reference is made to our Presentation Material of Financial Results for the year ended March 31, 2018 “Driving Value Creation Progress on Medium-term Management Plan and FY Mar/2019 Business Plan” on our web site. Reference is also made to “Driving Value Creation” released on May 9, 2017.

(2) Forecasts for the Year Ending March 31, 2019

1) Forecasts for the year ending March 31, 2019

＜Assumption＞

Exchange rate (JPY/USD)	110.00	110.70
Crude oil (JCC)	$59/bbl	$57/bbl
Consolidated oil price	$61/bbl	$54/bbl

(Billions of yen)

	March 31, 2019 Forecast	March 31, 2018 Result	Change	Description
Gross profit	830.0	790.7	39.3	Higher crude oil price
Selling, general and administrative expenses	(560.0)	(571.7)	11.7	Reversal effect of provision for Caserones
Gain on investments, fixed assets and other	0.0	35.7	(35.7)	Reversal effects of Valepar reorganization and provision for Multigrain
Interest expenses	(40.0)	(30.0)	(10.0)	
Dividend income	100.0	84.8	15.2	Increase in dividend at the Mineral & Metal Resources Segment
Profit (loss) of equity method investments	260.0	234.9	25.1	Reversal effects of loss making businesses
Profit before income taxes	590.0	544.4	45.6	
Income taxes	(150.0)	(103.1)	(46.9)	Reversal effects of Valepar reorganization
Non-controlling Interests	(20.0)	(22.8)	2.8	
Profit for the year attributable to owners of the parent	420.0	418.5	1.5	
Depreciation and amortization	200.0	192.6	7.4	
Core operating cash flow	570.0	666.5	(96.5)	

We assume foreign exchange rates for the year ending March 31, 2019 will be ¥110/US$, ¥85/AU$ and ¥33/BRL, while average foreign exchange rates for the year ended March 31, 2018 were ¥110.70/US$, ¥85.77/AU$ and ¥34.25/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2019 will be US$61/barrel, up US$7 from the previous year, based on the assumption that the crude oil price (JCC) will average US$59/barrel throughout the year ending March 31, 2019.

The 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, 2019	Year ended March 31, 2018	Change	Description
Iron & Steel Products	15.0	24.7	(9.7)	Reversal effect of gain on derivative
Mineral & Metal Resources	175.0	257.6	(82.6)	Reversal effect of Valepar reorganization
Machinery & Infrastructure	85.0	89.6	(4.6)	
Chemicals	40.0	34.2	+5.8	
Energy	65.0	48.6	+16.4	Reversal effect of US tax reform
Lifestyle	25.0	(26.3)	+51.3	Reversal effect of provision for Multigrain
Innovation & Corporate Development	15.0	(4.6)	+19.6	Reversal effect of valuation losses
All Other and Adjustments and Eliminations	0.0	(5.3)	+5.3	
Consolidated Total	420.0	418.5	+1.5	

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

(Billions of Yen)	Year ending March 31, 2019	Year ended March 31, 2018	Change	Description
Iron & Steel Products	10.0	14.2	(4.2)	
Mineral & Metal Resources	200.0	240.8	(40.8)	Lower iron ore & coal prices, decline in dividend from equity accounted investees
Machinery & Infrastructure	85.0	158.8	(73.8)	Decline in dividend from IPP business
Chemicals	55.0	50.2	+4.8	
Energy	180.0	175.3	+4.7	
Lifestyle	15.0	7.1	+7.9	
Innovation & Corporate Development	15.0	3.1	+11.9	Reversal effect of valuation (FVTPL)
All Other and Adjustments and Eliminations	10.0	17.0	(7.0)	
Consolidated Total	570.0	666.5	(96.5)	

2) Key commodity prices and other parameters for the year ending March 31, 2019

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2019. 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, 2019			March 2019 Assumption	March 2018 Result
Commodity	Crude Oil/JCC	-	59	57
	Consolidated Oil Price(*1)	¥2.9 bn (US$1/bbl)	61	54
	U.S. Natural Gas(*2)	¥0.5 bn (US$0.1/mmBtu)	3.00(*3)	3.03(*4)
	Iron Ore	¥2.3 bn (US$1/ton)	(*5)	68(*6)
	Copper(*7)	¥1.0 bn (US$100/ton)	7,000	6,163(*8)
Forex (*9)	USD	¥2.6 bn (¥1/USD)	110	110.70
	AUD	¥1.7 bn (¥1/AUD)	85	85.77
	BRL	¥0.7 bn (¥1/BRL)	33	34.25

(*1) The oil price trend is reflected in profit (loss) for the year attributable to owners of the parent with a 0-6 month time lag. For the year ending March 31, 2018, we assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 4-6 month time lag, 51%; 1-3 month time lag, 40%; no time lag, 9%. The above sensitivities show impact on annual figures resulting from changes in consolidated oil price.
(*2) As Mitsui has very limited exposure to U.S. natural gas sold at Henry Hub (HH), the above sensitivities show impact of changes in the weighted average sale price.
(*3) For natural gas sold in the US on HH linked prices, the assumed price used is US$3.00/mmBtu.
(*4) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2017 to December 2017.
(*5) We refrain from disclosing the iron ore price assumptions.
(*6) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2017 to March 2018.
(*7) As the copper price affects our consolidated results with a 3 month time lag, the above sensitivities show the impact of US$100/ton change in averages of the LME monthly average cash settlement prices for the period March to December 2018.
(*8) The LME monthly average cash settlement price during January 2017 to December 2017.
(*9) Impact of currency fluctuation on profit (loss) for the year attributable to owners of the parent of overseas subsidiaries and equity accounted investees (denomination in functional currency) against the Japanese yen. Impact of currency fluctuation between their functional currencies against revenue currencies and exchange rate 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 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.

In accordance with above policy, for the year ended March 31, 2018, we conducted ¥50.0 billion repurchase of its own shares.

For the year ended March 31, 2018, we plan to pay an annual dividend of ¥70 per share (a ¥15 increase from the year ended March 31, 2017, and including the interim dividend of ¥30 per share) 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.

For the year ending March 31, 2019, we currently envisage an annual dividend of ¥70 per share, the same amount as the year ended March 31, 2018, 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.

3. Basic Approach on Adoption of Accounting Standards

International Financial Reporting Standards was adopted on our annual securities report under the Financial Instruments and Exchange Act for the year ended March 31, 2014 for the purpose of improving international comparability of financial information as well as enhancement and efficiency of our financial reporting.

4. Other Information

Notice:

This flash 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.

These risks, uncertainties and other factors include, among others, (1) economic downturns worldwide or at specific regions, (2) fluctuations in commodity prices, (3) fluctuations in exchange rates, (4) credit risks from clients with which Mitsui and its consolidated subsidiaries have business transactions or financial dealings and/or from various projects, (5) declines in the values of non-current assets, (6) changes in the financing environment, (7) declines in market value of equity and/or debt securities, (8) changes in the assessment for recoverability of deferred tax assets, (9) inability to successfully restructure or eliminate subsidiaries or associated companies as planned, (10) unsuccessful joint ventures and strategic investments, (11) risks of resource related businesses not developing in line with assumed costs and schedules and uncertainty in reserves and performance of third party operators, (12) loss of opportunities to enter new business areas due to limitations on business resources, (13) environmental laws and regulations, (14) changes in laws and regulations or unilateral changes in contractual terms by governmental entities, (15) employee misconduct, (16) failure to maintain adequate internal control over financial reporting, and (17) climate change and natural disaster. For further information on the above, please refer to Mitsui's Annual Securities Report.

Forward-looking statements may be included in Mitsui's Annual Securities Report and Quarterly Securities Reports or in its other disclosure documents, press releases or website disclosures. Mitsui undertakes no obligation to publicly update or revise any forward-looking statements.

5. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of Yen)

Assets	March 31, 2018	March 31, 2017
Current Assets:		
Cash and cash equivalents	¥ 1,131,380	¥ 1,503,820
Trade and other receivables	1,766,017	1,739,402
Other financial assets	243,915	267,680
Inventories	550,699	589,539
Advance payments to suppliers	307,339	225,442
Assets held for sale	108,920	-
Other current assets	117,886	148,865
Total current assets	4,226,156	4,474,748
Non-current Assets:		
Investments accounted for using the equity method	2,502,994	2,741,741
Other investments	1,825,026	1,337,164
Trade and other receivables	400,079	477,103
Other financial assets	153,149	145,319
Property, plant and equipment	1,729,897	1,823,492
Investment property	188,953	179,789
Intangible assets	173,207	168,677
Deferred tax assets	49,474	92,593
Other non-current assets	57,725	60,387
Total non-current assets	7,080,504	7,026,265
Total	¥ 11,306,660	¥ 11,501,013

(Millions of Yen)

Liabilities and Equity	March 31, 2018	March 31, 2017
Current Liabilities:		
Short-term debt	¥ 201,556	¥ 304,563
Current portion of long-term debt	482,550	388,347
Trade and other payables	1,264,285	1,203,707
Other financial liabilities	300,284	315,986
Income tax payables	62,546	52,177
Advances from customers	287,779	212,142
Provisions	28,036	13,873
Liabilities directly associated with assets held for sale	40,344	-
Other current liabilities	31,392	33,172
Total current liabilities	2,698,772	2,523,967
Non-current Liabilities:		
Long-term debt, less current portion	3,542,829	4,108,674
Other financial liabilities	103,162	111,289
Retirement benefit liabilities	50,872	60,358
Provisions	200,649	196,718
Deferred tax liabilities	467,003	481,358
Other non-current liabilities	25,250	28,487
Total non-current liabilities	4,389,765	4,986,884
Total liabilities	7,088,537	7,510,851
Equity:		
Common stock	341,482	341,482
Capital surplus	386,165	409,528
Retained earnings	2,903,432	2,550,124
Other components of equity	448,035	485,447
Treasury stock	(104,399)	(54,402)
Total equity attributable to owners of the parent	3,974,715	3,732,179
Non-controlling interests	243,408	257,983
Total equity	4,218,123	3,990,162
Total	¥ 11,306,660	¥ 11,501,013

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2018	Year ended March 31, 2017
Revenue:		
Sale of products	¥ 4,330,823	¥ 3,833,564
Rendering of services	436,606	405,893
Other revenue	124,720	124,512
Total revenue	4,892,149	4,363,969
Cost:		
Cost of products sold	(3,856,008)	(3,418,437)
Cost of services rendered	(186,093)	(171,741)
Cost of other revenue	(59,343)	(54,496)
Total cost	(4,101,444)	(3,644,674)
Gross Profit	790,705	719,295
Other Income (Expenses):		
Selling, general and administrative expenses	(571,703)	(538,975)
Gain (loss) on securities and other investments—net	55,146	64,962
Impairment reversal (loss) of fixed assets—net	(25,454)	(5,732)
Gain (loss) on disposal or sales of fixed assets—net	15,108	11,013
Provision related to Multigrain business	(25,006)	-
Other income (expense)—net	15,826	9,877
Total other income (expenses)	(536,083)	(458,855)
Finance Income (Costs):		
Interest income	36,516	34,905
Dividend income	84,793	51,874
Interest expense	(66,488)	(56,997)
Total finance income (costs)	54,821	29,782
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	234,941	170,569
Profit before Income Taxes	544,384	460,791
Income Taxes	(103,082)	(134,641)
Profit for the Year	¥ 441,302	¥ 326,150
Profit for the Year Attributable to:		
Owners of the parent	¥ 418,479	¥ 306,136
Non-controlling interests	22,823	20,014

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the Year	¥ 441,302	¥ 326,150
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	174,983	198,971
Remeasurements of defined benefit pension plans	14,242	16,379
Share of other comprehensive income of investments accounted for using the equity method	4,372	(3,132)
Income tax relating to items not reclassified	(48,857)	(54,549)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(82,590)	25,787
Cash flow hedges	6,184	14,985
Share of other comprehensive income of investments accounted for using the equity method	(42,390)	(6,528)
Income tax relating to items that may be reclassified	(32,649)	7,094
Total other comprehensive income	(6,705)	199,007
Comprehensive Income for the Year	¥ 434,597	¥ 525,157
Comprehensive Income for the Year Attributable to:		
Owners of the parent	¥ 416,113	¥ 503,025
Non-controlling interests	18,484	22,132

(3) Consolidated Statements of Changes in Equity

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2016	¥ 341,482	¥ 412,064	¥ 2,314,185	¥ 317,955	¥ (5,961)	¥ 3,379,725	¥ 286,811	¥ 3,666,536
Profit for the year			306,136			306,136	20,014	326,150
Other comprehensive income for the year				196,889		196,889	2,118	199,007
Comprehensive income for the year						503,025	22,132	525,157
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥57)			(102,187)			(102,187)		(102,187)
Dividends paid to non-controlling interest shareholders							(52,706)	(52,706)
Acquisition of treasury stock					(48,648)	(48,648)		(48,648)
Sales of treasury stock			(0)		207	207		207
Compensation costs related to stock options		164				164		164
Equity transactions with non-controlling interest shareholders		(2,700)		2,593		(107)	1,746	1,639
Transfer to retained earnings			31,990	(31,990)		—		—
Balance as at March 31, 2017	¥ 341,482	¥ 409,528	¥ 2,550,124	¥ 485,447	¥ (54,402)	¥ 3,732,179	¥ 257,983	¥ 3,990,162
Profit for the year			418,479			418,479	22,823	441,302
Other comprehensive income for the year				(2,366)		(2,366)	(4,339)	(6,705)
Comprehensive income for the year						416,113	18,484	434,597
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥60)			(105,844)			(105,844)		(105,844)
Dividends paid to non-controlling interest shareholders							(24,098)	(24,098)
Acquisition of treasury stock					(50,057)	(50,057)		(50,057)
Sales of treasury stock		(29)	(30)		60	1		1
Compensation costs related to stock options		247				247		247
Equity transactions with non-controlling interest shareholders		(23,581)		5,657		(17,924)	(8,961)	(26,885)
Transfer to retained earnings			40,703	(40,703)		—		—
Balance as at March 31, 2018	¥ 341,482	¥ 386,165	¥ 2,903,432	¥ 448,035	¥ (104,399)	¥ 3,974,715	¥ 243,408	¥ 4,218,123

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2018	Year ended March 31, 2017
Operating Activities:		
Profit for the year	¥ 441,302	¥ 326,150
Adjustments to reconcile profit for the year to cash flows from operating activities:		
Depreciation and amortization	192,587	193,329
Change in retirement benefit liabilities	4,326	(637)
Provision for doubtful receivables	20,331	9,172
Provision related to Multigrain business	25,006	—
(Gain) loss on securities and other investments—net	(55,146)	(64,962)
Impairment (reversal) loss of fixed assets—net	25,454	5,732
(Gain) loss on disposal or sales of fixed assets—net	(15,108)	(11,013)
Finance (income) costs	(50,911)	(22,967)
Income taxes	103,082	134,641
Share of (profit) loss of investments accounted for using the equity method	(234,941)	(170,569)
Valuation (gain) loss related to contingent considerations and others	(5,230)	—
Changes in operating assets and liabilities:		
Change in trade and other receivables	(198,407)	(121,022)
Change in inventories	9,813	(60,272)
Change in trade and other payables	99,814	111,917
Other—net	(24,062)	(21,298)
Interest received	33,935	30,085
Interest paid	(69,935)	(65,352)
Dividends received	376,422	194,698
Income taxes paid	(124,687)	(63,461)
Cash flows from operating activities	553,645	404,171
Investing Activities:		
Net change in time deposits	8,368	(8,936)
Net change in investments in equity accounted investees	(114,995)	(155,423)
Net change in other investments	(23,523)	72,167
Net change in loan receivables	25,731	(109,069)
Net change in property, plant and equipment	(135,714)	(149,568)
Net change in investment property	(8,078)	(2,470)
Cash flows from investing activities	(248,211)	(353,299)
Financing Activities:		
Net change in short-term debt	(99,045)	(48,983)
Net change in long-term debt	(351,218)	196,801
Purchases and sales of treasury stock	(49,992)	(48,647)
Dividends paid	(105,844)	(102,187)
Transactions with non-controlling interest shareholders	(46,193)	(47,249)
Cash flows from financing activities	(652,292)	(50,265)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(24,529)	12,438
Effect of Cash and Cash Equivalents Included in Assets Held for Sale	(1,053)	-
Change in Cash and Cash Equivalents	(372,440)	13,045
Cash and Cash Equivalents at Beginning of Year	1,503,820	1,490,775
Cash and Cash Equivalents at End of Year	¥ 1,131,380	¥ 1,503,820

(5) Assumption for Going Concern: None

(6) Basis of Consolidated Financial Statements

Scope of subsidiaries and equity accounted investees

① Subsidiaries
1) Overseas 201

2) Japan 64

② Equity accounted investees (associated companies and joint ventures)
1) Overseas 165

2) Japan 42

A total of 382 subsidiaries and equity accounted investees are excluded from the above. These include companies which are sub-consolidated or accounted for under the equity method by subsidiaries other than trading subsidiaries.

(7) Changes in Accounting Estimates

Significant changes in accounting estimates in the consolidated financial statements for the year ended March 31, 2018 are as follows.

(Impairment)

Mitsui Bussan Copper Investment & Co., Ltd., a subsidiary in the Mineral & Metal Resources Segment, recognized an impairment loss of ¥18,590 million related to SCM Minera Lumina Copper Chile, an equity-method affiliate, which Mitsui Bussan Copper Investment & Co., Ltd. and MLCC Finance Netherlands B.V., an equity-method affiliate, have investment and loan for. The impairment loss was driven by update in the revision of the long-term copper production program and operational situation. Out of ¥ 18,590 million, ¥ 14,722 million loss is included in Provision for doubtful receivables under "Selling, General and Administrative Expenses" and ¥ 3,868 million loss is included in "Share of Profit (Loss) of Investments Accounted for Using the Equity Method" respectively.

XINGU AGRI AG, a subsidiary in the Lifestyle Segment, recognized an impairment loss of ¥11,288 million in "impairment loss of fixed assets" by reducing the carrying amount of assets such as the goodwill and the farmland to the recoverable amount of ¥70,470 million. The impairment loss mainly related to a decline in the soybean price and decreased demand for the farmland in the area where the assets are located. The recoverable amount above represents the fair value less costs of disposal, which is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the asset being valued, and the fair value is classified as level 3.

(Provision)

Due to the recent deterioration of the business environment, provisions totaled ¥25,006 million have been recognized in relation to the export business of our consolidated subsidiary, Multigrain Trading AG which is engaged in origination and merchandising of agricultural products in Brazil.

(8) Notes to Consolidated Financial Statements

①Segment Information

Year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	238,240	946,369	447,088	1,186,673	534,293	1,409,378	127,326	4,889,367	1,937	845	4,892,149
Gross Profit	41,874	206,767	121,943	136,573	96,808	139,533	45,084	788,582	1,278	845	790,705
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	13,349	61,806	96,525	11,318	24,544	22,842	5,040	235,424	(116)	(367)	234,941
Profit (Loss) for the Year Attributable to Owners of the parent	24,728	257,617	89,617	34,235	48,601	(26,340)	(4,637)	423,821	2,469	(7,811)	418,479
Core Operating Cash Flow	14,179	240,829	158,846	50,174	175,282	7,118	3,061	649,489	8,558	8,440	666,487
Total Assets at March 31, 2018	654,725	2,092,908	2,255,650	1,186,254	1,917,687	1,901,822	622,709	10,631,755	6,239,888	(5,564,983)	11,306,660

Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	202,406	746,406	408,504	1,037,284	463,601	1,378,263	125,226	4,361,690	1,908	371	4,363,969
Gross Profit	36,724	176,786	114,452	145,611	63,885	136,179	44,988	718,625	299	371	719,295
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	11,129	48,468	64,341	3,880	17,090	24,085	2,077	171,070	(106)	(395)	170,569
Profit (Loss) for the Year Attributable to Owners of the parent	10,853	144,314	66,806	32,653	31,679	25,382	10,975	322,662	(2,888)	(13,638)	306,136
Core Operating Cash Flow	8,617	202,136	74,432	53,771	134,109	8,378	6,109	487,552	16,394	(9,100)	494,846
Total Assets at March 31, 2017	612,632	1,962,236	2,238,142	1,175,205	1,905,252	1,723,399	611,395	10,228,261	5,798,648	(4,525,896)	11,501,013

Notes:1. "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and affiliated companies. Total assets of "All Other" at March 31, 2017 and March 31, 2018 consisted primarily of cash and 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 Year 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. Since the three-month period ended June 30, 2017, Core Operating Cash Flow has been identified as the performance indicator that is more important than EBITDA, therefore, Core Operating Cash Flow has been disclosed by reportable segments instead of EBITDA. 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. Previously, there was a difference between the Company's actual income taxes and the reportable segments' income taxes that were calculated using the internal tax rate and the difference was included in the "Adjustments and Eliminations". Since the three-month period ended June 30, 2017, the internal tax rate has been made the same as the external tax rate. In addition, since the three-month period ended June 30, 2017, the scope of allocation of expenses incurred at Corporate Staff Unit to reportable segments was reviewed, and part of the expenses which were previously allocated to the reportable segments have been excluded from the scope of allocation.

6. The components of deciding resources to be allocated to the segments and assessing their performance by the Company's chief operating decision-maker have been changed to the components where the regional operating segments were consolidated by the product operating segments. Since the three-month period ended June 30, 2017, the previous 10 reportable segments that include 7 product segments of "Iron & Steel Products", "Mineral & Metal Resources", "Machinery & Infrastructure", "Chemicals", "Energy", "Lifestyle" and "Innovation & Corporate Development" along with 3 regional segments of "Americas", "Europe, the Middle East and Africa" and "Asia Pacific", have been changed to 7 reportable segments of "Iron & Steel Products", "Mineral & Metal Resources", "Machinery & Infrastructure", "Chemicals", "Energy", "Lifestyle" and "Innovation & Corporate Development", where the regional segments were consolidated by the product segments. In addition, part of each of the regional segments have been consolidated to "All Other".

7. Previously, the profit and loss of consolidated subsidiaries that are jointly held by numerous operating segments were al located from the supervising to non-supervising operating segments based on the profit share of each of the segments using the Share of Profit (Loss) of Investments Accounted for Using the Equity Method and Income for the Period Attributable to Non-controlling Interests. Since the three-month period ended June 30, 2017, these allocations are made based on the profit share of each of the segments in each of the accounts disclosed in the segment information to reflect the performance of the operating segments more properly.

8. In accordance with the changes in 4-7 above, the segment information for the Year ended March 31, 2017 has been restated to conform to the current period presentation.

②Earnings 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 years ended March 31, 2018 and 2017:

Year ended March 31, 2018(from April 1, 2017 to March 31, 2018)

	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen
Basic Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent	418,479	1,760,728	237.67
Effect of Dilutive Securities:			
Adjustments of effect of:			
Dilutive securities of associated companies	(52)	-	
Stock options	-	1,038	
Diluted Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent after effect of dilutive securities	418,427	1,761,766	237.50

Year ended March 31, 2017(from April 1, 2016 to March 31, 2017)

	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen
Basic Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent	306,136	1,788,166	171.20
Effect of Dilutive Securities:			
Adjustments of effect of:			
Dilutive securities of associated companies	(43)	-	
Stock options	-	759	
Diluted Earnings per Share Attributable to Owners of the Parent:			
Profit for the Year Attributable to Owners of the Parent after effect of dilutive securities	306,093	1,788,925	171.10

③Subsequent Events

There are no material subsequent events to be disclosed.