Consolidated Financial Results for the Nine-Month Period Ended December 31, 2018 [IFRS]

Tokyo, February 1, 2019 - Mitsui & Co., Ltd. announced its consolidated financial results for the nine-month period ended December 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 nine-month period ended December 31, 2018
(from April 1, 2018 to December 31, 2018)

		Nine-month period ended December 31,			
		2018	%	2017	%
Revenue	Millions of yen	5,012,969	37.2	3,653,010	15.0
Profit before income taxes	Millions of yen	478,302	0.7	475,040	39.0
Profit for the period	Millions of yen	367,136	△6.9	394,215	62.1
Profit for the period attributable to owners of the parent	Millions of yen	350,068	△7.1	376,834	63.6
Comprehensive income for the period	Millions of yen	355,278	△39.5	587,688	53.4
Earnings per share attributable to owners of the parent, basic	Yen	201.42		213.63	
Earnings per share attributable to owners of the parent, diluted	Yen	201.27		213.48	

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

(2) Consolidated financial position information

		December 31, 2018	March 31, 2018
Total assets	Millions of yen	11,826,976	11,306,660
Total equity	Millions of yen	4,436,552	4,218,123
Total equity attributable to owners of the parent	Millions of yen	4,174,528	3,974,715
Equity attributable to owners of the parent ratio	%	35.3	35.2

2. Dividend information

		Year ended March 31,		Year ending March 31, 2019 (Forecast)
		2019	2018	
Interim dividend per share	Yen	40	30	
Year-end dividend per share	Yen		40	40
Annual dividend per share	Yen		70	80

Note :
Change from the latest released dividend forecast: None

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	440,000
Earnings per share attributable to owners of the parent, basic	Yen	253.17

Note :
Change from the latest released earnings forecast: Yes

4. Others
(1) Increase/decrease of important subsidiaries during the period : Yes
Included: 1 company (AWE Limited)

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

Note :
For further details please refer to page 22 "4. Condensed Consolidated Financial Statements (6) Changes in Accounting Policies and Changes in Accounting Estimates".

(3) Number of shares :

	December 31, 2018	March 31, 2018
Number of shares of common stock issued, including treasury stock	1,742,345,627	1,796,514,127
Number of shares of treasury stock	4,322,038	58,632,655

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2017
Average number of shares of common stock outstanding	1,737,957,802	1,763,969,276

This quarterly earnings report is not subject to quarterly review.

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 forward-looking statements are based, please refer to "(1) Forecasts for the Year Ending March 31, 2019" on page 13. For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on page 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 February 1, 2019.
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 quarterly earnings report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

(1) <u>Operating Environment</u>

In the nine-month period ended December 31, 2018, the global economy, despite the U.S. economy remaining on solid footing, began to show slowing growth due to weakening momentum in economic recovery in Europe and China.

In the U.S., although consumer spending, supported by a favorable environment for employment and employee income, continues to provide a resilient base, capital investment appears to have peaked and the effects from tax reductions are expected to gradually weaken. As such, going forward, the pace of economic recovery in the U.S. is expected to slow. In Europe, manufacturing figures, particularly those for the automobile industry, have been stagnant, and economic growth is expected to continue weakening. Meanwhile, in Japan, the solid path of recovery is expected to continue backed by increases in investment related to the Olympic and Paralympic Games and in capital investment focused on labor-saving initiatives, further boosted by an expected surge in demand prior to the next increase in consumption tax. As for emerging countries, it is forecasted that China's economy will continue to slow down due to the impact of the trade friction between the U.S. and China, although it is expected to be bolstered to a certain degree by government policies. Brazil's economy is picking up under its new government, while Russia's economy has stopped its downward slide due to a recovery in exports.

In the global economy, an overall stagnant mood is strengthening, and attention should be given to future developments, particularly with regard to the increased downside risks brought about by the impact of U.S.-China trade friction.

(2) <u>Results of Operations</u>

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		5,013.0	3,653.0	+1,360.0
Gross profit		633.1	609.9	+23.2
Selling, general and administrative expenses		(417.4)	(412.9)	(4.5)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	6.5	62.2	(55.7)
	Impairment Reversal (Loss) of Fixed Assets—Net	(3.6)	(18.9)	+15.3
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	5.8	14.9	(9.1)
	Other Income (Expense)—Net	(3.3)	19.5	(22.8)
	Provision Related to Multigrain Business	11.1	(30.4)	+41.5
Finance Income (Costs)	Interest Income	31.4	24.5	+6.9
	Dividend Income	88.5	68.0	+20.5
	Interest Expense	(59.9)	(50.0)	(9.9)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		186.0	188.3	(2.3)
Income Taxes		(111.2)	(80.8)	(30.4)
Profit for the Period		367.1	394.2	(27.1)
Profit for the Period Attributable to Owners of the Parent		350.1	376.8	(26.7)

* 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, 2018 (“current period”) was ¥5,013.0 billion, an increase of ¥1,360.0 billion (including ¥1,292.8 billion due to the adoption of the new accounting treatment) from the corresponding nine-month period of the previous year (“previous period”).

Gross Profit

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

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, a gain on securities was recorded in the Lifestyle Segment. For the previous period, a gain on securities was recorded in the Mineral & Metal Resources Segment, while a loss on securities was recorded in the Machinery & Infrastructure Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

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

Other Income (Expense)—Net

For the previous period, 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.

Provision Related to Multigrain Business

The Lifestyle Segment recorded a provision due to the deterioration of the business environment in the previous period, while it recorded a gain on the partial reversal of the provision in the current period.

Finance Income (Costs)

Dividend Income

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

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

Mainly the Energy Segment and the Iron & Steel Products Segment recorded an increase, while the Machinery & Infrastructure Segment recorded a decline.

Income Taxes

For the previous period, 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, deferred tax assets on equity accounted investments as well as Multigrain Trading AG were reversed.

The effective tax rate for the current period was 23.2%, an increase of 6.2 points from 17.0 % for the previous period. The aforementioned reversal of deferred tax liabilities for the previous period resulted in the increase, while the reversal of deferred tax assets caused the decline.

Profit for the Period Attributable to Owners of the Parent

Profit for the period attributable to owners of the parent was ¥350.1 billion, a decline of ¥26.7 billion from the previous period.

2) Operating Results by Operating Segment

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	10.2	22.1	(11.9)
Gross profit	20.7	33.3	(12.6)
Profit (loss) of equity method investments	14.6	10.0	+4.6
Dividend income	1.5	2.2	(0.7)
Selling, general and administrative expenses	(21.1)	(24.2)	+3.1
Others	(5.5)	0.8	(6.3)

- Gross profit declined mainly due to the following factors:
  - Mitsui & Co. Steel Ltd. reported a decline of ¥5.1 billion mainly due to transferring a part of the iron & steel products business to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION.
  - A decline in gross profit was recorded due to a sale of Champions Cinco Pipe & Supply in the previous year and a reversal effect of realization of pipe line project in the previous period.
- Profit (loss) of equity method investments increased mainly due to the following factor:
  - For the current period, following the classification of NIPPON STEEL & SUMIKIN BUSSAN CORPORATION as an equity method investee, a profit of equity method investment was recorded.
- In addition to the above, the following factors also affected results:
  - For the previous period, a valuation profit on the derivative of ¥7.0 billion was recorded in relation to a price adjustment clause for the investment in Gestamp Automoción S.A.
  - For the current 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	127.6	229.3	(101.7)
Gross profit	135.9	161.6	(25.7)
Profit (loss) of equity method investments	45.2	48.5	(3.3)
Dividend income	16.8	9.0	+7.8
Selling, general and administrative expenses	(25.0)	(24.3)	(0.7)
Others	(45.3)	34.5	(79.8)

- Gross profit declined mainly due to the following factors:
  - Iron ore mining operations in Australia reported a decline of ¥15.6 billion due to lower iron ore sales prices as well as the change in the mining operation controlled by joint ventures.

- Coal mining operations in Australia reported a decline of ¥10.3 billion due to higher operational costs caused by the change in mining plans.

▪ Profit (loss) of equity method investments declined mainly due to the following factors:
  - Profit from Valepar S.A. declined by ¥9.4 billion due to the deconsolidation following the incorporation by Vale S.A. in the three month period ended September 30, 2017.
  - An improvement of ¥3.8 billion was recorded for SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reflecting an impairment loss for the previous year.

▪ Dividend from Vale S.A. was ¥12.6 billion, an increase of ¥8.5 billion from the previous period.

▪ In addition to the above, the following factors also affected results:
  - For the previous period, 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 retained earnings of Valepar S.A.
  - For the previous period, following the dividend received from Inner Mongolia Erdos Electric Power & Metallurgical Ltd, the reversal of deferred tax liability for the retained earnings of the equity accounted investment was reported.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	55.5	79.0	(23.5)
Gross profit	97.6	91.9	+5.7
Profit (loss) of equity method investments	63.0	80.7	(17.7)
Dividend income	4.2	2.7	+1.5
Selling, general and administrative expenses	(92.7)	(90.5)	(2.2)
Others	(16.6)	(5.8)	(10.8)

▪ Profit (loss) of equity method investments declined mainly due to the following factors:
  - IPP business recorded a decline of ¥20.6 billion.
    ◇ For the previous period, a ¥20.3 billion gain on the sales of the interest in a UK power asset was recorded.
    ◇ For the previous period, a ¥3.9 billion gain was recorded because the IPP business in Indonesia was refinanced.
    ◇ For the current period, deferred tax assets were recorded at an equity accounted investee due to the change of the investment structure in the IPP business.
    ◇ Mark-to-market valuation losses, such as those on long-term derivative contracts, were deteriorated by ¥0.7 billion to a ¥0.9 billion loss from a ¥0.2 billion loss for the previous period.
  - For the current period, a loss was recorded at an equity accounted investee due to its overseas rail project.
  - For the previous period, reserves of ¥5.3 billion for financing projects in Latin America were recorded.
  - For the previous period, a loss was recorded at an equity accounted investee due to an anticipated deterioration of overseas project.

▪ In addition to the above, the following factors also affected results:
  - For the previous period, following the dividend received from the IPP project, the reversal of deferred tax liability for the retained earnings of the equity accounted investment was reported.
  - For the previous period, an impairment loss of ¥4.9 billion on fixed assets was recorded in relation to container terminal development and operation.

- For the current period, deferred tax assets were recorded at a holding company due to the change of the investment structure in the IPP business.
- For the previous period, a ¥4.1 billion loss was recorded due to the refinancing of the IPP business in Indonesia.
- For the previous period, a holding company for UK IPP business recorded a valuation loss of ¥3.5 billion on securities, following the sales of the interests

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	23.3	27.5	(4.2)
Gross profit	106.8	104.1	+2.7
Profit (loss) of equity method investments	10.0	7.8	+2.2
Dividend income	2.5	1.9	+0.6
Selling, general and administrative expenses	(74.9)	(73.0)	(1.9)
Others	(21.1)	(13.3)	(7.8)

- Gross profit increased mainly due to the following factors:
  - MMTX Inc. reported an increase of ¥5.6 billion mainly due to higher methanol prices.
  - Novus International, Inc. reported a decline of ¥4.2 billion mainly due to lower methionine prices.
- In addition to the above, the following factor also affected results:
  - For the previous period, Intercontinental Terminals Company LLC reported a gain of ¥8.2 billion due to a reversal of deferred tax liabilities upon the U.S. tax reform.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	86.9	35.0	+51.9
Gross profit	109.9	68.1	+41.8
Profit (loss) of equity method investments	26.5	16.8	+9.7
Dividend income	54.6	44.3	+10.3
Selling, general and administrative expenses	(33.7)	(31.8)	(1.9)
Others	(70.4)	(62.4)	(8.0)

- Gross profit increased mainly due to the following factors:
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥26.4 billion mainly due to higher crude oil and gas prices and a decrease in costs.
  - Mitsui & Co. Energy Trading Singapore reported an increase of ¥4.1 billion mainly due to good performance in the oil trading business.
  - Mitsui E&P USA LLC reported an increase of ¥3.0 billion mainly due to higher gas prices and a decrease in costs.
- 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 and gas prices.
- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥53.7 billion in total, an increase of ¥10.6 billion from the previous period.
- In addition to the above, the following factors also affected results:

- For the previous period, MEPUS Holdings LLC, a holding company of U.S. shale gas and oil production business, reported a loss of ¥15.0 billion due to a reversal of deferred tax assets following the U.S. tax reform.
- For the current period, exploration expenses of ¥2.9 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd. For the previous period, exploration expenses of ¥4.5 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit (loss) for the period attributable to owners of the parent	32.7	(26.7)	+59.4
Gross profit	118.2	107.1	+11.1
Profit (loss) of equity method investments	20.6	18.3	+2.3
Dividend income	4.8	4.0	+0.8
Selling, general and administrative expenses	(113.8)	(112.5)	(1.3)
Others	2.9	(43.6)	+46.5

- Gross profit increased mainly due to the following factor:
  - Multigrain Trading AG reported an increase of ¥3.5 billion mainly due to the reversal effect of the poor performance for the previous period.
- In addition to the above, the following factors also affected results:
  - Multigrain Trading AG recorded a provision of ¥32.5 billion due to the deterioration of the business environment and tax expenses of ¥8.6 billion mainly resulting from the reversal of deferred tax assets for the previous period, while it recorded a gain of ¥11.6 billion on reversal of the provision for the current period.
  - For the current period, a ¥7.5 billion profit was recorded due to the change in the profit share in IHH Healthcare Berhad following the increase in the number of outstanding shares.
  - For the previous period, XINGU AGRI AG recorded an impairment loss on fixed assets of ¥10.9 billion due to a decline in the value of land.
  - For the previous period, Mitsui & Co. Real Estate Ltd. recorded a gain on the sales of buildings in Japan.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	7.2	5.3	+1.9
Gross profit	42.7	41.5	+1.2
Profit (loss) of equity method investments	7.8	6.4	+1.4
Dividend income	2.8	2.6	+0.2
Selling, general and administrative expenses	(38.2)	(37.8)	(0.4)
Others	(7.9)	(7.4)	(0.5)

- Gross profit increased mainly due to the following factors:
  - For the previous period, a ¥6.5 billion loss was recorded due to the valuation losses of fair value on shares of the high speed mobile data network operator in developing countries.
  - For the previous period, a ¥12.7 billion gain was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd.

- In addition to the above, the following factor also affected results:
  - For the previous period, a gain on the sales of warehouses in Japan was recorded.

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

1) Financial Condition

(Billions of yen)	December 31, 2018	March 31, 2018	Change
Total Assets	11,827.0	11,306.7	+520.3
Current Assets	4,204.6	4,226.2	(21.6)
Non-current Assets	7,622.4	7,080.5	+541.9
Current Liabilities	2,931.8	2,698.8	+233.0
Non-current Liabilities	4,458.7	4,389.8	+68.9
Net Interest-bearing Debt	*3,420.8*	*3,089.2*	*+331.6*
Total Equity Attributable to Owners of the Parent	4,174.5	3,974.7	+199.8
Net Debt-to-Equity Ratio (times)	0.82	0.78	+0.04

Assets

Current Assets:

- Cash and cash equivalents declined by ¥178.2 billion.
- Trade and other receivables increased by ¥117.4 billion, mainly due to increases in trading volume in the Energy Segment and seasonal factors in the Lifestyle Segment.
- Other financial assets increased by ¥101.0 billion, mainly due to increases in trading volume of derivative trading in the Innovation & Corporate Development Segment and Energy Segment.
- Inventories increased by ¥79.7 billion, mainly due to increases in trading volume in the Chemical Segment, the Innovation & Corporate Development Segment, the Machinery & Infrastructure Segment, and the Lifestyle Segment.
- Advance payments to suppliers declined by ¥53.6 billion, mainly due to netting against advances from customers.
- Assets held for sale, which were expected to be transferred from Mitsui and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION and presented as a single line item as of March 31, 2018, declined by ¥108.9 billion due to completing the transfer in this period.

Non-current Assets:

- Investments accounted for using the equity method increased by ¥194.5 billion, mainly due to the following factors:
  - An increase of ¥38.0 billion due to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION and reclassification to investments accounted for using the equity method corresponding to the additional acquisition;
  - An increase of ¥21.9 billion due to an investment in ETC Group, which engages in businesses involving agricultural products, agricultural supplies, and food manufacturing and sales in East Africa;
  - An increase due to an investment in MAERSK PRODUCT TANKERS A/S, a product tanker company (vessel owning);
  - An increase of ¥12.3 billion due to an investment in Kansai Helios Coatings GmbH, which engages in coating manufacturing business in Europe;

- An increase due to an investment in Inversiones Mitta, the holding company for Chile's leading automobile operating lease and rental car business;
- An increase of ¥10.1 billion due to an additional acquisition of a stake in Axiata (Cambodia) Holdings Limited, the holding company for Smart Axiata Co., Ltd which is a telecommunication service provider in Cambodia;
- An increase of ¥186.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥183.4 billion due to dividends received from equity accounted investees;
- An increase of ¥1.2 billion resulting from foreign currency exchange fluctuations; and
- A decline of ¥11.5 billion due to a sale of shares in Medica Asia (Holdco) Limited, the holding company of the MIMS Group which provides drug information to healthcare professionals in the Asia-Oceania region.

▪ Other investments increased by ¥65.1 billion, mainly due to the following factors:
- Fair value on financial assets measured at FVTOCI increased by ¥46.8 billion mainly in investments in LNG projects due to the extension of the project period;
- An increase of ¥33.0 billion due to subscribing the bonds issued by PT. CT Corpora which engages in consumer related business in Indonesia
- An increase of ¥18.9 billion resulting from foreign currency exchange fluctuations;
- An increase of ¥11.8 billion due to an investment in FKS Food & Agri Pte Ltd, which is an integrated food enterprise that operates in Southeast Asia;
- A decline of ¥29.9 billion due to reclassification to investments accounted for using the equity method corresponding to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION; and
- A decline of ¥12.0 billion due to a sale of shares in Synlait Milk, which is a dairy production and sales company.

▪ Property, plant and equipment increased by ¥219.9 billion, mainly due to the following factors:
- An increase of ¥95.7 billion (including the consolidation of AWE Limited, oil and gas company in Australia, of ¥53.8 billion and foreign exchange translation profit of ¥9.2 billion) at oil and gas operations other than U.S. shale gas and oil producing operations;
- An increase of ¥41.1 billion (including foreign exchange translation profit of ¥0.5 billion) at real estate business in the U.S.;
- An increase of ¥21.1 billion (including foreign exchange translation profit of ¥0.8 billion) at aircraft leasing business;
- An increase of ¥13.6 billion at renewable energy business in Japan at Mitsui & Co., Plant Systems, Ltd.;
- An increase of ¥12.5 billion (including foreign exchange translation profit of ¥3.7 billion) at tank operation in the U.S.; and
- A decline of ¥11.3 billion (including foreign exchange translation loss of ¥13.6 billion) at iron ore mining operations in Australia.

▪ Investment property increased by ¥18.3 billion, mainly due to an increase of ¥10.9 billion for the redevelopment project and construction of a multipurpose building etc. at Mitsui & Co., Real Estate Ltd.

<u>Liabilities</u>

Current Liabilities:

▪ Short-term debt increased by ¥82.1 billion. Furthermore, the current portion of long-term debt increased by ¥33.8 billion, mainly due to reclassification to current maturities, despite repayment of debt.

▪ Trade and other payables increased by ¥135.8 billion, corresponding to the increase in trade and other receivables.

- Other financial liabilities increased by ¥91.3 billion, mainly due to increases in the precious metal lease business in the Innovation & Corporate Development Segment, and corresponding to the increase in other financial assets.
- Advances from customers declined by ¥71.6 billion, corresponding to netting against advance payments to suppliers.
- Liabilities directly associated with assets held for sale, which were expected to be transferred from Mitsui and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION and presented as a single line item as of March 31, 2018, declined by ¥40.3 billion due to completing the transfer in the current period.

Non-current Liabilities:

- Long-term debt, less the current portion, increased by ¥55.2 billion.
- Other financial liabilities (Non-Current) declined by ¥24.8 billion, mainly due to execution of payments for accounts payable related to an acquisition of a stake in Penske Truck Leasing Co., L.P., which engages in truck leasing and rental business in North America.
- Provisions (Non-Current) increased by ¥13.2 billion , mainly due to the following factors:
  - An increase of ¥12.2 billion due to the transfer from other account items as a result of changing the consolidation accounting treatment accompanying the restructuring in the IPP business;
  - An increase due to the consolidation of AWE Limited, an oil and gas company in Australia; and
  - A decline due to the recognition of a reversal of a provision related to the Multigrain business.
- Deferred tax liabilities increased by ¥28.6 billion, mainly due to the increase in financial assets measured at FVTOCI.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥122.7 billion.
- Other components of equity declined by ¥20.4 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥24.7 billion, mainly in investments in LNG projects due to the extension of the project period; and
  - Foreign currency translation adjustments declined by ¥55.7 billion, mainly reflecting the depreciation of the Australian dollar and the Brazilian real, despite the appreciation of the U.S. dollar against the Japanese yen.
- Treasury stock which is a subtraction item in shareholders' equity declined by ¥96.7 billion, due to the cancellation of treasury stock.

2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	361.5	403.0	(41.5)
Cash flows from investing activities	(449.0)	(184.1)	(264.9)
Free cash flow	(87.5)	218.9	(306.4)
Cash flows from financing activities	(93.9)	(525.6)	+431.7
Effect of exchange rate changes on cash and cash equivalents etc.	3.2	12.6	(9.4)
Change in cash and cash equivalents	(178.2)	(294.1)	+115.9

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	361.5	403.0	(41.5)
Cash flows from change in working capital	b	(130.6)	(146.6)	+16.0
Core operating cash flow	a-b	492.1	549.6	(57.5)

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥130.6 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 ¥492.1 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥261.1 billion, a decline of ¥29.0 billion from ¥290.1 billion for the previous period.
  - Depreciation and amortization for the current period was ¥134.7 billion, a decline of ¥12.1 billion from ¥146.8 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	(1.4)	19.3	(20.7)
Mineral & Metal Resources	149.4	174.2	(24.8)
Machinery & Infrastructure	57.9	128.8	(70.9)
Chemicals	39.9	36.6	+3.3
Energy	194.1	146.0	+48.1
Lifestyle	20.9	13.1	+7.8
Innovation & Corporate Development	7.6	5.7	+1.9
All Other and Adjustments and Eliminations	23.7	25.9	(2.2)
Consolidated Total	492.1	549.6	(57.5)

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 ¥119.7 billion, mainly due to the following factors:
  - An investment in ETC Group, which engages in businesses involving agricultural products, agricultural supplies, and food manufacturing and sales in East Africa, for ¥21.9 billion;
  - An investment in MAERSK PRODUCT TANKERS A/S, a product tanker company (vessel owning);

- An execution of payments for accounts payable related to an acquisition of a stake in Penske Truck Leasing Co., L.P., which engages in truck leasing and rental business in North America;
- An investment in Kansai Helios Coatings GmbH, which engages in coating manufacturing business in Europe, for ¥12.3 billion.
- An investment in Inversiones Mitta, the holding company for Chile's leading automobile operating lease and rental car business;
- An additional acquisition of a stake in Axiata (Cambodia) Holdings Limited, the holding company of Smart Axiata Co., Ltd which is a telecommunication service provider in Cambodia, for ¥10.1 billion; and
- A sale of shares in Medica Asia (Holdco) Limited, the holding company of the MIMS Group which provides drug information to healthcare professionals in the Asia-Oceania region, for ¥11.5 billion.

▪ Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥70.0 billion, mainly due to the following factors:
- An acquisition of an oil and gas business in Australia for ¥48.2 billion;
- Subscribing the bonds issued by PT. CT Corpora which engages in consumer related business in Indonesia, for ¥33.0 billion;
- An acquisition of the real estate business in the U.S. for a total of ¥28.7 billion;
- An investment in FKS Food & Agri Pte Ltd which is an integrated food enterprise that operates in Southeast Asia, for ¥11.8 billion;
- A transfer of the iron & steel products business to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION for ¥64.4 billion; and
- A sale of shares in Synlait Milk which is a dairy production and sales company for ¥12.0 billion.

▪ Net cash outflows that corresponded to increase in loan receivables (net of collections of loan receivables) were ¥36.1 billion, mainly due to the execution of loans to the IPP project in Morocco for ¥16.7 billion.

▪ Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥189.3 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 ¥78.7 billion
- An expenditure for the aircraft leasing business for a total of ¥18.8 billion;
- An expenditure for iron ore mining operations in Australia for ¥16.3 billion;
- An expenditure for tank operation in the U.S. for ¥12.6 billion; and
- An expenditure for coal mining operations in Australia for ¥12.4 billion.

▪ Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥15.6 billion, mainly due to redevelopment projects at Mitsui & Co., Real Estate Ltd for ¥10.8 billion.

Cash Flows from Financing Activities

▪ Net cash inflows from net change in short-term debt were ¥53.4 billion and net cash outflows from net change in long-term debt were ¥6.2 billion.

▪ The cash outflow from payments of cash dividends was ¥139.0 billion.

2. Management Policies

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

1) Revised forecasts for the year ending March 31, 2019

<Assumption>	3Q (Actual)	4Q (Forecast)	Mar-19 Revised Forecast	Mar-19 Previous Forecast
Exchange rate (JPY/USD)	111.33	110	111.00	110.35
Crude oil (JCC)	$74/bbl	$66/bbl	$72/bbl	$71/bbl
Consolidated oil price	$70/bbl	$73/bbl	$70/bbl	$70/bbl

(Billions of yen)

	March 31, 2019 Revised forecast	March 31, 2019 Previous forecast	Change	Description
Gross profit	830.0	850.0	(20.0)	Loss on FVTPL, lower methionine prices
Selling, general and administrative expenses	(560.0)	(560.0)	0.0	
Gain on investments, fixed assets and other	20.0	10.0	+10.0	Decline in exploration expenses
Interest expenses	(40.0)	(40.0)	0.0	
Dividend income	100.0	110.0	(10.0)	Decline in Vale dividend
Profit (loss) of equity method investments	260.0	260.0	0.0	
Profit before income taxes	610.0	630.0	(20.0)	
Income taxes	(150.0)	(160.0)	+10.0	
Non-controlling Interests	(20.0)	(20.0)	0.0	
Profit for the year attributable to owners of the parent	440.0	450.0	(10.0)	
Depreciation and amortization	180.0	180.0	0.0	
Core operating cash flow	590.0	600.0	(10.0)	

We assume foreign exchange rates for the three-month period ending March 31, 2019 will be ¥110/US$, ¥80/AU$ and ¥30/BRL, while average foreign exchange rates for the nine-month period ended December 31, 2018 were ¥111.33/US$, ¥81.36/AU$ and ¥29.20/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$70/barrel, same as the previous assumption, based on the assumption that the crude oil price (JCC) will average US$66/barrel throughout the three-month period ending March 31, 2019.

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, 2019 Revised Forecast	Year ending March 31, 2019 Previous Forecast	Change	Description
Iron & Steel Products	15.0	15.0	0	
Mineral & Metal Resources	165.0	175.0	(10.0)	Decline in Vale dividend
Machinery & Infrastructure	75.0	75.0	0	
Chemicals	30.0	40.0	(10.0)	Lower methionine prices
Energy	105.0	90.0	+15.0	Decline in costs & increase in volume, higher gas prices
Lifestyle	40.0	35.0	+5.0	Improvement of FX gain/loss at IHH
Innovation & Corporate Development	10.0	20.0	(10.0)	Loss on FVTPL
All Other and Adjustments and Eliminations	0	0	0.0	
Consolidated Total	440.0	450.0	(10.0)	

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, 2019 Revised Forecast	Year ending March 31, 2019 Previous Forecast	Change	Description
Iron & Steel Products	10.0	10.0	0.0	
Mineral & Metal Resources	190.0	200.0	(10.0)	Decline in Vale dividend
Machinery & Infrastructure	75.0	75.0	0.0	
Chemicals	50.0	60.0	(10.0)	Lower methionine prices
Energy	215.0	200.0	+15.0	Increase in volume, higher gas prices
Lifestyle	25.0	25.0	0.0	
Innovation & Corporate Development	15.0	20.0	(5.0)	Loss on FVTPL
All Other and Adjustments and Eliminations	10.0	10.0	0.0	
Consolidated Total	590.0	600.0	(10.0)	

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 (Announced in May 2018)			Previous Forecast (Announced Oct 2018)		March 2019			Revised Forecast (Announced in Feb 2019)
					1-3Q (Result)	4Q (Assumption)		
Commodity	Crude Oil/JCC	―	71		74	66		72
	Consolidated Oil Price(*1)	¥ 2.9 bn (US$1/bbl)	70		70	73		70
	U.S. Natural Gas(*2)	¥ 0.5 bn (US$0.1/mmBtu)	2.88		2.85(*3)	3.74(*4)		3.07
	Iron Ore	¥ 2.3 bn (US$1/ton)	(*5)	→	68(*6)	(*5)	→	(*5)
	Copper	¥ 1.0 bn (US$100/ton)	6,708		6,645(*7)	6,168		6,525
Forex (*8)	USD	¥ 2.6 bn (¥1/USD)	110.35		111.33	110.00		111.00
	AUD	¥ 1.7 bn (¥1/AUD)	80.90		81.36	80.00		81.02
	BRL	¥ 0.7 bn (¥1/BRL)	29.51		29.20	30.00		29.40

(*1) The oil price trend is reflected in profit for the year attributable to owners of the parent with a 0-6 month time lag. For the year ending March 31, 2019, 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%.

(*2) US natural gas is not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales price.

(*3) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2018 to September 2018.

(*4) For natural gas sold in the US on HH linked prices, the assumed HH price used is US$3.74/mmBtu.

(*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 2018 to December 2018

(*7) Average of LME cash settlement price during January 2018 to September 2018

(*8) Impact of currency fluctuation on profit 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.

(2) 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.

For the year ending March 31, 2019, we currently envisage an annual dividend of ¥80 per share (including the interim dividend of ¥40 per share), a ¥10 increase from 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. 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.

4. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

Assets		
	December 31, 2018	March 31, 2018
Current Assets:		
Cash and cash equivalents	¥ 953,222	¥ 1,131,380
Trade and other receivables	1,883,433	1,766,017
Other financial assets	344,852	243,915
Inventories	630,368	550,699
Advance payments to suppliers	253,658	307,339
Assets held for sale	-	108,920
Other current assets	139,048	117,886
Total current assets	4,204,581	4,226,156
Non-current Assets:		
Investments accounted for using the equity method	2,697,491	2,502,994
Other investments	1,890,107	1,825,026
Trade and other receivables	434,854	400,079
Other financial assets	145,398	153,149
Property, plant and equipment	1,949,811	1,729,897
Investment property	207,298	188,953
Intangible assets	184,706	173,207
Deferred tax assets	53,465	49,474
Other non-current assets	59,265	57,725
Total non-current assets	7,622,395	7,080,504
Total	¥ 11,826,976	¥ 11,306,660

(Millions of Yen)

Liabilities and Equity		
	December 31, 2018	March 31, 2018
Current Liabilities:		
Short-term debt	¥ 283,724	¥ 201,556
Current portion of long-term debt	516,447	482,550
Trade and other payables	1,400,120	1,264,285
Other financial liabilities	391,630	300,284
Income tax payables	62,158	62,546
Advances from customers	216,150	287,779
Provisions	17,000	28,036
Liabilities directly associated with assets held for sale	-	40,344
Other current liabilities	44,530	31,392
Total current liabilities	2,931,759	2,698,772
Non-current Liabilities:		
Long-term debt, less current portion	3,598,048	3,542,829
Other financial liabilities	78,422	103,162
Retirement benefit liabilities	47,585	50,872
Provisions	213,775	200,649
Deferred tax liabilities	495,615	467,003
Other non-current liabilities	25,220	25,250
Total non-current liabilities	4,458,665	4,389,765
Total liabilities	7,390,424	7,088,537
Equity:		
Common stock	341,482	341,482
Capital surplus	387,017	386,165
Retained earnings	3,026,083	2,903,432
Other components of equity	427,611	448,035
Treasury stock	(7,665)	(104,399)
Total equity attributable to owners of the parent	4,174,528	3,974,715
Non-controlling interests	262,024	243,408
Total equity	4,436,552	4,218,123
Total	¥ 11,826,976	¥ 11,306,660

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2017
Revenue:		
Sale of products	¥ —	¥ 3,212,425
Rendering of services	—	336,247
Other revenue	—	104,338
Revenue	5,012,969	—
Total revenue	5,012,969	3,653,010
Cost:		
Cost of products sold	—	(2,855,591)
Cost of services rendered	—	(142,074)
Cost of other revenue	—	(45,439)
Cost	(4,379,892)	—
Total cost	(4,379,892)	(3,043,104)
Gross Profit	633,077	609,906
Other Income (Expenses):		
Selling, general and administrative expenses	(417,390)	(412,871)
Gain (loss) on securities and other investments－net	6,513	62,185
Impairment reversal (loss) of fixed assets－net	(3,581)	(18,858)
Gain (loss) on disposal or sales of fixed assets－net	5,842	14,906
Reversal (loss) of provision related to Multigrain business	11,083	(30,432)
Other income (expense) －net	(3,250)	19,457
Total other income (expenses)	(400,783)	(365,613)
Finance Income (Costs):		
Interest income	31,431	24,497
Dividend income	88,514	67,973
Interest expense	(59,887)	(49,993)
Total finance income (costs)	60,058	42,477
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	185,950	188,270
Profit before Income Taxes	478,302	475,040
Income Taxes	(111,166)	(80,825)
Profit for the Period	¥ 367,136	¥ 394,215
Profit for the Period Attributable to:		
Owners of the parent	¥ 350,068	¥ 376,834
Non-controlling interests	17,068	17,381

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2017
Profit for the Period	¥ 367,136	¥ 394,215
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	49,870	215,342
Remeasurements of defined benefit plans	994	(1,127)
Share of other comprehensive income of investments accounted for using the equity method	(1,846)	4,544
Income tax relating to items not reclassified	(14,658)	(56,398)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(51,729)	585
Cash flow hedges	(8,119)	4,700
Share of other comprehensive income of investments accounted for using the equity method	12,639	40,875
Income tax relating to items that may be reclassified	991	(15,048)
Total other comprehensive income	(11,858)	193,473
Comprehensive Income for the Period	¥ 355,278	¥ 587,688
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 341,633	¥ 566,077
Non-controlling interests	13,645	21,611

(3) Condensed 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, 2017	¥ 341,482	¥ 409,528	¥ 2,550,124	¥ 485,447	¥ (54,402)	¥ 3,732,179	¥ 257,983	¥ 3,990,162
Profit for the period			376,834			376,834	17,381	394,215
Other comprehensive income for the period				189,243		189,243	4,230	193,473
Comprehensive income for the period						566,077	21,611	587,688
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							(14,140)	(14,140)
Acquisition of treasury stock					(16)	(16)		(16)
Sales of treasury stock		(29)	(30)		59	0		0
Compensation costs related to stock options		247				247		247
Equity transactions with non-controlling interest shareholders		(970)		453		(517)	6,060	5,543
Transfer to retained earnings			3,208	(3,208)		−		−
Balance as at December 31, 2017	¥ 341,482	¥ 408,776	¥ 2,824,292	¥ 671,935	¥ (54,359)	¥ 4,192,126	¥ 271,514	¥ 4,463,640

(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, 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						341,633	13,645	355,278
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥80)			(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

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2017
Operating Activities:		
Profit for the period	¥ 367,136	¥ 394,215
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	134,710	146,816
Change in retirement benefit liabilities	(377)	3,844
Provision for doubtful receivables	8,864	4,472
(Reversal) loss of provision related to Multigrain business	(11,083)	30,432
(Gain) loss on securities and other investments—net	(6,513)	(62,185)
Impairment (reversal) loss of fixed assets—net	3,581	18,858
(Gain) loss on disposal or sales of fixed assets—net	(5,842)	(14,906)
Finance (income) costs	(57,279)	(39,395)
Income taxes	111,166	80,825
Share of (profit) loss of investments accounted for using the equity method	(185,950)	(188,270)
Valuation (gain) loss related to contingent considerations and others	6,383	-
Changes in operating assets and liabilities:		
Change in trade and other receivables	(130,912)	(223,600)
Change in inventories	(64,057)	(28,262)
Change in trade and other payables	142,475	128,638
Other—net	(78,127)	(23,396)
Interest received	25,220	25,859
Interest paid	(62,279)	(53,628)
Dividends received	261,117	290,079
Income taxes paid	(96,760)	(87,416)
Cash flows from operating activities	361,473	402,980
Investing Activities:		
Net change in time deposits	(18,212)	(11,062)
Net change in investments in equity accounted investees	(119,680)	(114,417)
Net change in other investments	(70,037)	(31,984)
Net change in loan receivables	(36,149)	67,592
Net change in property, plant and equipment	(189,262)	(101,584)
Net change in investment property	(15,611)	7,337
Cash flows from investing activities	(448,951)	(184,118)
Financing Activities:		
Net change in short-term debt	53,409	(83,917)
Net change in long-term debt	(6,245)	(329,679)
Purchases and sales of treasury stock	(12)	13
Dividends paid	(139,038)	(105,844)
Transactions with non-controlling interest shareholders	(2,047)	(6,128)
Cash flows from financing activities	(93,933)	(525,555)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	3,253	12,626
Change in Cash and Cash Equivalents	(178,158)	(294,067)
Cash and Cash Equivalents at Beginning of Period	1,131,380	1,503,820
Cash and Cash Equivalents at End of Period	¥ 953,222	¥ 1,209,753

(5) Assumption for Going Concern: None

(6) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in Accounting Policies

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended December 31, 2018 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 to the Condensed Consolidated Financial Statements from April 1, 2018.

IFRS	Title	Summaries
IFRS9	Financial Instruments (amended in July 2014)	Implementation of expected credit loss model for the recognition of impairment losses of financial instruments
IFRS15	Revenue from Contracts with Customers	Accounting for recognizing revenue from contracts with customers

In adopting IFRS 9, the retrospective restatement of the comparative information has not been applied in accordance with the transitional arrangements. Impacts of the application of IFRS 9 on the Condensed Consolidated Financial Statements are immaterial.
In adopting IFRS 15, the cumulative effects due to the adoption were recognized on the commencement date of adoption in accordance with the transitional arrangements, however, impacts of the application of IFRS 15 on the Condensed Consolidated Financial Statements are immaterial except for followings.
In accordance with IFRS 15, after the consideration for recognition of revenue whether the entity is involved in providing goods or services specified by a contract as a principal or as an agent, recognition of revenue for certain transactions has been changed from the net amount to the gross amount. As a result, revenue and cost increased by ¥1,292,762 million in the Condensed Consolidated Financial Statement of Income for the nine-month period ended December 31, 2018 when compared to the figures under the former accounting standards.

"Sales of products", "Rendering of services" and "Other revenue", and "Cost of products sold", "Cost of service rendered" and "Cost of other revenue" were separately presented on prior Condensed Consolidated Financial Statement of Income. Since the three-month period ended June 30, 2018, their line of items are presented single line of items as "Revenue" and "Cost", respectively.

As a result of the adoption of IFRS 9 and IFRS 15, the balance of retained earnings as of April 1, 2018 decreased by ¥2,857 million and ¥678 million, respectively. These impacts are included under Cumulative effect of changes in accounting policies in the Condensed Consolidated Statement of Changes in Equity for the nine-month period ended December 31, 2018.

2) Changes in Accounting Estimates

The significant changes in accounting estimates in the Condensed Consolidated Financial Statements are as follows:

(Provision)
As for Multigrain Trading AG which is our consolidated subsidiary and engaged in origination and merchandising of agricultural products in Brazil, gains of ¥11,083 million have been recognized for the nine-month period ended December 31, 2018 as reversal of provisions related to the export business due to termination of the relevant contracts.

(7) Segment Information

Nine-month period ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	156,414	755,525	597,560	1,304,222	540,128	1,544,573	111,370	5,009,792	3,177	5,012,969
Gross Profit	20,736	135,888	97,622	106,842	109,874	118,248	42,671	631,881	1,196	633,077
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	14,617	45,184	63,004	9,980	26,462	20,570	7,845	187,662	(1,712)	185,950
Profit for the Period Attributable to Owners of the parent	10,246	127,565	55,538	23,259	86,937	32,717	7,174	343,436	6,632	350,068
Core Operating Cash Flow	(1,390)	149,381	57,895	39,868	194,068	20,927	7,553	468,302	23,792	492,094
Total Assets at December 31, 2018	608,403	2,197,915	2,419,965	1,274,051	2,477,778	2,156,174	741,186	11,875,472	(48,496)	11,826,976

Nine-month period ended December 31, 2017 (from April 1, 2017 to December 31, 2017) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	187,983	713,298	335,065	857,727	395,509	1,061,956	99,294	3,650,832	2,178	3,653,010
Gross Profit	33,338	161,621	91,897	104,147	68,126	107,144	41,470	607,743	2,163	609,906
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	10,011	48,500	80,726	7,849	16,837	18,314	6,396	188,633	(363)	188,270
Profit (Loss) for the Period Attributable to Owners of the parent	22,098	229,327	79,009	27,463	35,010	(26,727)	5,307	371,487	5,347	376,834
Core Operating Cash Flow	19,293	174,182	128,760	36,621	145,962	13,107	5,690	523,615	25,985	549,600
Total Assets at March 31, 2018	680,257	2,260,050	2,364,616	1,228,773	2,083,766	1,987,306	662,192	11,266,960	39,700	11,306,660

Notes:1. “Others / Adjustments and Eliminations” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total assets of “Others / Adjustments and Eliminations” at March 31, 2018 and December 31, 2018 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 amounting to ¥ 6,506,907 million and ¥ 6,735,506 million, respectively.

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 “Others /Adjustments and Eliminations” includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Total assets of “Others / Adjustments and Eliminations” at March 31, 2018 and December 31, 2018 includes elimination of receivables and payables between segments amounting to ¥ 6,467,207 million and ¥ 6,784,002 million, respectively.
5. 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.
6. Since the three-month period ended June 30, 2018, “All Other” and “Adjustments and Eliminations”, which were reported individually are aggregated to “Others /Adjustments and Eliminations” since they are not material except for Total Assets. The amount of Total Assets are stated in Notes 1 and Notes 4. As a result of this change, “All Other” and “Adjustments and Eliminations” for the nine-month period ended December 31, 2017 has been restated to conform to the current period presentation.
7. Since the three-month period ended June 30, 2018, due to implementation of the new consolidated accounting system, the elimination method of intercompany receivables and payables, which was

simplified, is refined and Total Assets at March 31, 2018 are more appropriately calculated as a measurement of the asset size and the asset efficiency. As a result of this change, Total Assets at March 31, 2018 are restated.