

Consolidated Financial Results for the Year Ended March 31, 2019 [IFRS]

Tokyo, April 26, 2019 - Mitsui & Co., Ltd. announced its consolidated financial results for the year ended March 31, 2019, 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, 2019

(from April 1, 2018 to March 31, 2019)

		Years ended March 31,			
		2019		2018	
			%		%
Revenue	Millions of yen	6,957,524	42.2	4,892,149	12.1
Profit before income taxes	Millions of yen	584,338	7.3	544,384	18.1
Profit for the year	Millions of yen	431,763	△2.2	441,302	35.3
Profit for the year attributable to owners of the parent	Millions of yen	414,215	△1.0	418,479	36.7
Comprehensive income for the year	Millions of yen	444,674	2.3	434,597	△17.2
Earnings per share attributable to owners of the parent, basic	Yen	238.33		237.67	
Earnings per share attributable to owners of the parent, diluted	Yen	238.15		237.50	
Profit ratio to equity attributable to owners of the parent	%	10.1		10.9	
Profit before income taxes to total assets	%	5.0		4.8	

Note:

- 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.
- Share of profit (loss) of investments accounted for using the equity method for the years ended March 31, 2019 and 2018 were ¥255,367 million and ¥234,941 million, respectively.

(2) Consolidated financial position information

		March 31, 2019	March 31, 2018
Total assets	Millions of yen	11,945,779	11,306,660
Total equity	Millions of yen	4,530,308	4,218,123
Total equity attributable to owners of the parent	Millions of yen	4,263,166	3,974,715
Equity attributable to owners of the parent ratio	%	35.7	35.2
Equity per share attributable to owners of the parent	Yen	2,452.81	2,287.10

(3) Consolidated cash flow information

		Years ended March 31,	
		2019	2018
Operating activities	Millions of yen	410,670	553,645
Investing activities	Millions of yen	(719,036)	(248,211)
Financing activities	Millions of yen	127,376	(652,292)
Cash and cash equivalents at the end of the year	Millions of yen	956,107	1,131,380

2. Dividend information

		Years ended March 31,		Year ending March 31, 2020 (Forecast)
		2019	2018	
Interim dividend per share	Yen	40	30	40
Year-end dividend per share	Yen	40	40	40
Annual dividend per share	Yen	80	70	80
Annual dividend (total)	Millions of yen	139,046	122,439	
Consolidated dividend payout ratio	%	33.6	29.5	30.9
Consolidated dividend on equity attributable to owners of the parent	%	3.4	3.2	

3. Forecast of consolidated operating results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

		Year ending March 31, 2020
Profit attributable to owners of the parent	Millions of yen	450,000
Earnings per share attributable to owners of the parent, basic	Yen	258.91

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 p.27 “5. Consolidated Financial Statements (7) Changes in Accounting Policies and Changes in Accounting Estimates”.

(3) Number of shares :

	March 31, 2019	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	4,271,539	58,632,655

	Year ended March 31, 2019	Year ended March 31, 2018
Average number of shares of common stock outstanding	1,737,981,669	1,760,728,440

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, 2020” on p.15. For cautionary notes with respect to forward-looking statements, please refer to the “Notice” section on p.19.

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, 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 earnings report, the audit procedures for consolidated financial statements have not been completed.

(1) Operating Environment

In the year ended March 31, 2019, the global economy slowed its pace of growth due to the weakening momentum of economic recovery in Europe, Japan and China despite an overall firmness in the U.S. economy.

In the U.S., although consumer spending continues to be resilient on account of a favorable environment for employment and employee income, the pace of economic expansion is projected to slow due to the prediction that the stimulus effect from lower taxation will dwindle. Also, in Europe, stagnating exports are anticipated to prolong the weakening trend in growth. In Japan, concerns over stagnation in business activity have arisen from a prognosis of weaker capital expenditure as exports to China exhibit a slowing trend, particularly in the information field.

Among the emerging economies, China's economy is still expected to continue slowing partly due to the impact of trade friction with the U.S., although policy by its government is expected to provide certain underlying support. In contrast, Brazil's economy is picking up under its new administration while Russia's economy has stopped dipping as a result of a recovery in exports.

Overall, one can see growing signs of stagnation throughout the global economy, and careful attention should be given to future developments of such issues as the direction of the U.S.-China trade negotiations and the policy trends of major countries.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Year	Previous Year	Change
Revenue		6,957.5	4,892.1	+2,065.4
Gross Profit		838.5	790.7	+47.8
Selling, general and administrative expenses		(566.3)	(571.7)	+5.4
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	4.4	55.1	(50.7)
	Impairment Reversal (Loss) of Fixed Assets—Net	(27.0)	(25.5)	(1.5)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	17.9	15.1	+2.8
	Other Income (Expense)—Net	(18.8)	15.8	(34.6)
	Provision Related to Multigrain Business	11.1	(25.0)	+36.1
Finance Income (Costs)	Interest Income	43.4	36.5	+6.9
	Dividend Income	105.9	84.8	+21.1
	Interest Expense	(80.1)	(66.5)	(13.6)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		255.4	234.9	+20.5
Income Taxes		(152.6)	(103.1)	(49.5)
Profit for the Year		431.8	441.3	(9.5)
Profit for the Year Attributable to Owners of the Parent		414.2	418.5	(4.3)

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

Revenue

Revenue for the year ended March 31, 2019 (“current year”) was ¥6,957.5 billion, an increase of ¥2,065.4 billion (including ¥2,054.7 billion due to the adoption of the new accounting treatment) from the year ended March 31, 2018 (“previous year”).

Gross Profit

Mainly the Energy Segment, the Innovation & Corporate Development 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 year, a gain on securities was recorded in the Lifestyle Segment. For the previous 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.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current year, a loss on fixed assets was recorded in the Energy Segment, and a loss on fixed assets was recorded in the Chemical Segment. For the previous year, a 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, gains on disposal of fixed assets were recorded in the Mineral & Metal Resources Segment, the Iron & Steel Products Segment and the Lifestyle Segment, while a loss was recorded in the Chemical Segment. For the previous year, 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 current year, the Chemical Segment recorded a loss on the fire accident. For the previous year, 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 year, while it recorded a gain on the partial reversal of the provision in the current year.

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, the Innovation & Corporate Development Segment and the Lifestyle Segment recorded an increase, while the Machinery & Infrastructure Segment recorded a decline.

Income Taxes

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

The effective tax rate for the current year was 26.1%, an increase of 7.2 points from 18.9 % for the previous year. The aforementioned reversal of deferred tax liabilities for the previous year resulted in the increase, while the reversal of deferred tax assets caused the decline.

Profit for the Year Attributable to Owners of the Parent

Profit for the year attributable to owners of the parent was ¥414.2 billion, a decline of ¥4.3 billion from the previous year.

2) Operating Results by Operating Segment

Iron & Steel Products Segment

(Billions of Yen)		Current Year	Previous Year	Change
Profit for the year attributable to owners of the parent		9.9	24.7	(14.8)
Gross profit		27.2	41.9	(14.7)
Profit (loss) of equity method investments		16.2	13.3	+2.9
Dividend income		1.7	2.5	(0.8)
Selling, general and administrative expenses		(27.8)	(32.1)	+4.3
Others		(7.4)	(0.9)	(6.5)

- Gross profit declined mainly due to the following factors:
 - Mitsui & Co. Steel Ltd. reported a decline of ¥7.0 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 year.
- Profit (loss) of equity method investments increased mainly due to the following factor:
 - For the current year, following the classification of NIPPON STEEL & SUMIKIN BUSSAN CORPORATION as an equity method investee, a profit of equity method investment was recorded.
- Selling, general and administrative expenses decreased mainly due to the following factor:
 - Mitsui & Co. Steel Ltd. reported a decline of ¥5.5 billion mainly due to transferring a part of the iron & steel products business to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION.
- In addition to the above, the following factors also affected results:
 - For the previous 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 previous 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.
 - For the current year, 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 Year	Previous Year	Change
Profit for the year attributable to owners of the parent		167.2	257.6	(90.4)
	Gross profit	175.6	206.8	(31.2)
	Profit (loss) of equity method investments	59.3	61.8	(2.5)
	Dividend income	20.9	16.4	+4.5
	Selling, general and administrative expenses	(32.3)	(44.4)	+12.1
	Others	(56.3)	17.0	(73.3)

- Gross profit declined mainly due to the following factors:
 - Iron ore mining operations in Australia reported a decline of ¥20.2 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 ¥12.4 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.
 - Inversiones Mineras Acrux SpA, a copper mining company in Chile, reported a decline of ¥4.1 billion mainly due to a reversal effect of impairment reversal for the previous year.
 - An improvement of ¥7.8 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.
 - Coal mining operations in Australia reported an increase of profit mainly due to higher sales price.
- Dividend income increased by ¥4.5 billion from the previous year due to higher dividends from Vale S.A. and iron ore mining operations in Australia.
- Selling, general and administrative expenses decreased mainly due to the following factor:
 - For the previous year, a provision of ¥14.7 billion for doubtful debt were posted, reflecting the revisions to our various assumptions regarding SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine.
- In addition to the above, the following factors also affected results:
 - For the current year, coal mining operations in Australia reported a gain on the sales of fixed asset of Bengalla Joint Venture.
 - For the previous year, 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 year, 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 Year	Previous Year	Change
Profit for the year attributable to owners of the parent		78.4	89.6	(11.2)
	Gross profit	130.7	121.9	+8.8
	Profit (loss) of equity method investments	87.5	96.5	(9.0)
	Dividend income	5.8	3.4	+2.4
	Selling, general and administrative expenses	(123.4)	(121.5)	(1.9)
	Others	(22.2)	(10.7)	(11.5)

- Gross profit increased mainly due to the following factors:
 - Increased the deliveries on ship purchase and sale business.
- Profit (loss) of equity method investments declined mainly due to the following factors:
 - IPP business recorded a decline of ¥21.3billion.
 - ◇ For the previous year, a ¥20.3 billion gain on the sales of the interest in a UK power asset was recorded.
 - ◇ For the previous year, a ¥3.9 billion gain was recorded because the IPP business in Indonesia was refinanced.
 - ◇ For the current year, 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 ¥2.3 billion to a ¥1.7 billion loss from a ¥0.6 billion profit for the previous year.
 - For the current year, a loss was recorded at an equity accounted investee due to its overseas rail project.
 - For the previous year, a loss was recorded at an equity accounted investee due to a deterioration of overseas project.
 - For the previous year, reserves of ¥5.1 billion for financing projects in Latin America were recorded.
- In addition to the above, the following factors also affected results:
 - For the previous year, an impairment loss of ¥5.4 billion on fixed assets was recorded in relation to container terminal development and operation.
 - For the current year, deferred tax assets were recorded at a holding company due to the change of the investment structure in the IPP business.
 - For the previous year, a ¥4.1 billion loss was recorded due to the refinancing of the IPP business in Indonesia.
 - For the previous year, a holding company for UK IPP business recorded a valuation loss of ¥3.5 billion on securities, following the sales of the interests.
 - For the previous year, 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 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		4.5	34.2	(29.7)
	Gross profit	142.8	136.6	+6.2
	Profit (loss) of equity method investments	12.8	11.3	+1.5
	Dividend income	2.7	2.3	+0.4
	Selling, general and administrative expenses	(99.2)	(96.6)	(2.6)
	Others	(54.6)	(19.4)	(35.2)

- Gross profit increased mainly due to the following factors:
 - MMTX Inc. reported an increase of ¥6.2 billion mainly due to higher methanol prices.
 - Novus International, Inc. reported a decline of ¥5.8 billion mainly due to lower methionine prices.
- In addition to the above, the following factors also affected results:
 - For the current year, Intercontinental Terminals Company LLC reported an other expense of ¥20.6 billion due to the fire.
 - For the current year, Novus International, Inc. reported a loss of ¥14.0 billion as a result of reassessing projects to increase production capacity of methionine due to the increase of the project cost.
 - For the previous 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		95.7	48.6	+47.1
	Gross profit	134.0	96.8	+37.2
	Profit (loss) of equity method investments	40.3	24.5	+15.8
	Dividend income	65.2	51.9	+13.3
	Selling, general and administrative expenses	(45.1)	(42.1)	(3.0)
	Others	(98.7)	(82.5)	(16.2)

- Gross profit increased mainly due to the following factors:
 - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥24.3 billion mainly due to higher crude oil and gas prices and a decrease in costs.
 - Westport Petroleum LLC reported an increase of ¥5.3 billion mainly as a mark-to-market valuation gain related to its derivative contract for the hedging transaction.
 - Mitsui E&P USA LLC reported an increase of ¥5.1 billion mainly due to higher gas prices and a decrease in costs.
 - Mitsui E&P Middle East B.V. reported an increase of ¥4.2 billion mainly due to higher crude oil prices.
 - Mitsui & Co. Energy Trading Singapore reported an increase of ¥3.4 billion mainly due to good performance in the LNG and oil trading business.
- 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 and an increase in production.
- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥63.4 billion in total, an increase of ¥13.3 billion from the previous year.
- In addition to the above, the following factors also affected results:

- For the current year, mainly due to changes in the development plan, MEP Texas Holdings LLC recorded an impairment loss of ¥11.6 billion for its Eagle Ford shale oil and gas business.
- For the current year, exploration expenses of ¥6.3 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd. For the previous year, exploration expenses of ¥7.0 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd.
- For the previous 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.

Lifestyle Segment

(Billions of Yen)		Current Year	Previous Year	Change
Profit (loss) for the year attributable to owners of the parent		42.4	(26.3)	+68.7
Gross profit		158.9	139.5	+19.4
Profit (loss) of equity method investments		29.3	22.8	+6.5
Dividend income		5.4	4.3	+1.1
Selling, general and administrative expenses		(155.4)	(153.0)	(2.4)
Others		4.2	(39.9)	+44.1

- Gross profit increased mainly due to the following factors:
 - There was an increase of ¥5.8 billion due to new consolidations of fashion & textile businesses in Asia.
 - Multigrain Trading AG reported an increase of ¥5.0 billion mainly due to the reversal effect of the poor performance for the previous year.
- In addition to the above, the following factors also affected results:
 - 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 ¥4.1 billion mainly related to asset impairments for the previous year, while it recorded a gain of ¥11.6 billion on reversal of the provision for the current year.
 - For the previous 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, 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 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 and previous years, gains on the sales of buildings in Japan were recorded.
 - For the previous 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.

Innovation & Corporate Development Segment

(Billions of Yen)		Current Year	Previous Year	Change
Profit (loss) for the year attributable to owners of the parent		16.6	(4.6)	+21.2
	Gross profit	66.7	45.1	+21.6
	Profit (loss) of equity method investments	11.7	5.0	+6.7
	Dividend income	2.9	2.7	+0.2
	Selling, general and administrative expenses	(51.5)	(50.8)	(0.7)
	Others	(13.2)	(6.6)	(6.6)

- Gross profit increased mainly due to the following factors:
 - For the previous year, a ¥6.0 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.
 - Mitsui Bussan Commodities Ltd. reported an increase of ¥3.2 billion mainly due to strong trading business under the favorable market environment.
 - For the previous year, a ¥4.5 billion gain was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current year a ¥3.0 billion gain was recorded due to the valuation of fair value on shares.
- Profit of equity method investment increased mainly due to the following factor:
 - An improvement of ¥3.4 billion was recorded at an equity accounted investee due to a loss on the anticipated deterioration for the previous year.
- In addition to the above, the following factor also affected results:
 - For the previous year, a loss of ¥3.1 billion on securities of Naaptol Online Shopping Pvt. Ltd. was recorded.
 - For the previous 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, 2019	March 31, 2018	Change
Total Assets	11,945.8	11,306.7	+639.1
Current Assets	3,996.3	4,226.2	(229.9)
Non-current Assets	7,949.5	7,080.5	+869.0
Current Liabilities	2,740.3	2,698.8	+41.5
Non-current Liabilities	4,675.2	4,389.8	+285.4
<i>Net Interest-bearing Debt</i>	3,659.2	3,089.2	+570.0
Total Equity Attributable to Owners of the Parent	4,263.2	3,974.7	+288.5
Net Debt-to-Equity Ratio (times)	0.86	0.78	+0.08

Assets

Current Assets:

- Cash and cash equivalents declined by ¥175.3 billion.
- Trade and other receivables increased by ¥38.2 billion, mainly due to increases in trading volume in the Energy Segment.
- Inventories increased by ¥57.0 billion, mainly due to increases in trading volume in the Energy Segment.
- Advance payments to suppliers declined by ¥87.5 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 the current year.

Non-current Assets:

- Investments accounted for using the equity method increased by ¥472.7 billion, mainly due to the following factors:
 - An increase of ¥224.6 billion due to an additional acquisition of shares in IHH Healthcare Berhad, which is one of Asia's largest private hospital groups;
 - 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 ¥15.2 billion due to an investment in ACCF3 Trustee Pte. Ltd, which engages in office building renovation project in Shanghai, China;
 - 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 Ouro Fino Quimica S.A., a Brazilian agrochemical company;
 - 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 ¥11.3 billion due to an investment in Cameron LNG Holdings, LLC, which engages in the natural gas liquefaction business in the U.S.;
 - 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 ¥255.4 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥219.9 billion due to dividends received from equity accounted investees;
 - An increase of ¥12.0 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 ¥122.6 billion, mainly due to the following factors:
 - Fair value on financial assets measured at FVTOCI increased by ¥89.7 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 ¥19.1 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 ¥215.5 billion, mainly due to the following factors:
 - An increase of ¥98.0 billion (including the consolidation of AWE Limited, oil and gas company in Australia, of ¥50.7 billion and foreign exchange translation profit of ¥8.2 billion) at oil and gas operations other than U.S. shale gas and oil producing operations;
 - An increase of ¥41.0 billion (including foreign exchange translation profit of ¥0.5 billion) at real estate business in the U.S.;
 - An increase of ¥22.6 billion (including foreign exchange translation profit of ¥0.3 billion) at sugar manufacturing business in Thailand;
 - An increase of ¥20.5 billion (including foreign exchange translation profit of ¥0.8 billion) at aviation-related leasing business;
 - An increase of ¥17.0 billion (including foreign exchange translation profit of ¥3.8 billion) at tank operation in the U.S.;
 - An increase of ¥12.3 billion (including foreign exchange translation profit of ¥0.1 billion) at the IPP Project in the U.S.; and
 - A decline of ¥11.2 billion (including foreign exchange translation loss of ¥11.8 billion) at iron ore mining operations in Australia.
 - Investment property increased by ¥14.1 billion, mainly due to an increase of ¥9.0 billion for the redevelopment project and construction of a multipurpose building etc. at Mitsui & Co., Real Estate Ltd.

Liabilities

Current Liabilities:

- Short-term debt increased by ¥135.4 billion. Furthermore, the current portion of long-term debt kept same level as on March 31, 2018, mainly due to an increase caused by reclassification to current maturities and a decline caused by repayment of debt.
- Trade and other payables increased by ¥58.0 billion, corresponding to the increase in trade and other receivables.
- Advances from customers declined by ¥86.4 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 year.

Non-current Liabilities:

- Long-term debt, less the current portion, increased by ¥266.3 billion.
- Other financial liabilities (Non-Current) declined by ¥31.1 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 ¥11.8 billion, mainly due to the following factors:
 - An increase of ¥13.7 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 ¥32.8 billion, mainly due to the increase in financial assets measured at FVTOCI.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥175.3 billion.
- Other components of equity increased by ¥15.3 billion, mainly due to the following factors:
 - Financial assets measured at FVTOCI increased by ¥49.6 billion, mainly in investments in LNG projects due to the extension of the project period; and
 - Foreign currency translation adjustments declined by ¥37.0 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 ¥96.8 billion, due to the cancellation of treasury stock.

2) Cash Flows

(Billions of yen)	Current Year	Previous Year	Change
Cash flows from operating activities	410.7	553.6	(142.9)
Cash flows from investing activities	(719.0)	(248.2)	(470.8)
Free cash flow	(308.3)	305.4	(613.7)
Cash flows from financing activities	127.4	(652.3)	+779.7
Effect of exchange rate changes on cash and cash equivalents etc.	5.6	(25.5)	+31.1
Change in cash and cash equivalents	(175.3)	(372.4)	+197.1

Cash Flows from Operating Activities

(Billions of Yen)		Current Year	Previous Year	Change
Cash flows from operating activities	a	410.7	553.6	(142.9)
Cash flows from change in working capital	b	(159.8)	(112.9)	(46.9)
Core operating cash flow	a-b	570.5	666.5	(96.0)

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥159.8 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 year amounted to ¥570.5 billion.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥318.7 billion, a decline of ¥57.7 billion from ¥376.4 billion for the previous year.
 - Depreciation and amortization for the current year was ¥186.3 billion, a decline of ¥6.3 billion from ¥192.6 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	5.9	14.2	(8.3)
Mineral & Metal Resources	181.5	240.8	(59.3)
Machinery & Infrastructure	74.0	158.8	(84.8)
Chemicals	29.9	50.2	(20.3)
Energy	219.1	175.3	+43.8
Lifestyle	24.8	7.1	+17.7
Innovation & Corporate Development	20.8	3.1	+17.7
All Other and Adjustments and Eliminations	14.5	17.0	(2.5)
Consolidated Total	570.5	666.5	(96.0)

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 ¥377.1 billion, mainly due to the following factors:

- An additional acquisition of a stake in IHH Healthcare Berhad, which is one of Asia's largest private hospital groups, for ¥223.2 billion;
 - 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 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 MAERSK PRODUCT TANKERS A/S, a product tanker company (vessel owning);
 - An investment in ACCF3 Trustee Pte. Ltd, which engages in office building renovation project in Shanghai, China, for ¥15.2 billion;
 - An investment in Kansai Helios Coatings GmbH, which engages in coating manufacturing business in Europe, for ¥12.3 billion;
 - An investment in Ouro Fino Quimica S.A., a Brazilian agrochemical company;
 - An investment in Inversiones Mitta, the holding company for Chile's leading automobile operating lease and rental car business;
 - An investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S., for ¥11.3 billion;
 - 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 ¥35.9 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 ¥26.3 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;

- A sale of Bengalla coal business in Australia for ¥15.3 billion;
- A sale of the power generation business in Japan for ¥14.6 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 ¥40.3 billion, mainly due to the following factors:
 - The execution of loans to the IPP project in Morocco for ¥16.7 billion;
 - The execution of loans to the IPP project in Middle East for ¥15.8 billion; and
 - The collection of loan to the nickel business in Philippines corresponding to providing the guarantee.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥255.6 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 ¥103.9 billion
 - An expenditure for iron ore mining operations in Australia for ¥21.8 billion;
 - An expenditure for the aviation-related leasing business for a total of ¥18.8 billion;
 - An expenditure for tank operation in the U.S. for ¥17.0 billion;
 - An expenditure for sugar manufacturing business in Thailand for ¥15.6 billion;
 - An expenditure for coal mining operations in Australia for ¥14.8 billion; and
 - An expenditure for the IPP Project in the U.S for ¥11.2 billion.
- Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥6.9 billion, mainly due to the following factors:
 - An expenditure for redevelopment projects at Mitsui & Co., Real Estate Ltd for ¥10.8 billion; and
 - A sale of buildings in Japan by Mitsui & Co., Real Estate Ltd for ¥11.0 billion.

Cash Flows from Financing Activities

- Net cash inflows from net change in short-term debt were ¥103.3 billion and net cash inflows from net change in long-term debt were ¥161.5 billion.
- The cash outflow from payments of cash dividends was ¥139.0 billion.

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, 2019 “Driving Value Creation Progress on Medium-term Management Plan and FY Mar/2020 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, 2020

1) Forecasts for the year ending March 31, 2020

[Assumption]	Forecast	Result
Exchange rate (JPY/USD)	110.00	111.07
Crude oil (JCC)	\$67/bbl	\$72/bbl
Consolidated oil price	\$67/bbl	\$71/bbl

(Billions of yen)	March 31, 2020 Forecast	March 31, 2019 Result	Change	Description
Gross profit	890.0	838.5	+51.5	Iron Ore and coal operation in Australia, newly consolidated subsidiaries
Selling, general and administrative expenses	(580.0)	(566.3)	(13.7)	Newly consolidated subsidiaries
Gain (loss) on investments, fixed assets and other	30.0	(12.5)	+42.5	Reversal effects of losses on ITC, Novus and Eagle Ford
Interest expenses	(50.0)	(36.7)	(13.3)	Effects of IFRS 16
Dividend income	80.0	105.9	(25.9)	Decline in LNG and Vale dividend
Profit (loss) of equity method investments	260.0	255.4	+4.6	
Profit before income taxes	630.0	584.3	+45.7	
Income taxes	(140.0)	(152.6)	+12.6	
Non-controlling interests	(40.0)	(17.5)	(22.5)	
Profit for the year attributable to owners of the parent	450.0	414.2	+35.8	

Depreciation and amortization	250.0	186.3	+63.7	Effects of IFRS 16
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Core operating cash flow	640.0	570.5	+69.5	
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We assume foreign exchange rates for the year ending March 31, 2020 will be ¥110/US\$, ¥77/AU\$ and ¥28/BRL, while average foreign exchange rates for the year ended March 31, 2019 were ¥111.07/US\$, ¥80.77/AU\$ and ¥29.22/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2020 will be US\$67/barrel, down US\$4 from the previous year, based on the assumption that the crude oil price (JCC) will average US\$67/barrel throughout the year ending March 31, 2020.

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

Effective April 1, 2019, in order to further strengthen non-resource areas, Mitsui removed the boundaries between traditional product-based business areas, and regrouped and transformed its business organizations according to functional capabilities with a focus on consumers and customers. In accordance with the aforementioned changes, the operating segment information for the year ended March 31, 2019 has been restated to conform to the operating segments as of April 2019.

(Billions of yen)	Year ending March 31, 2020	Year ended March 31, 2019	Change	Description
Iron & Steel Products	15.0	9.9	+5.1	
Mineral & Metal Resources	165.0	167.2	(2.2)	
Machinery & Infrastructure	90.0	78.4	+11.6	Increase in base profits
Chemicals	30.0	5.2	+24.8	Reversal effects of losses on ITC and Novus
Energy	90.0	95.7	(5.7)	
Lifestyle	40.0	36.3	+3.7	
Innovation & Corporate Development	20.0	22.0	(2.0)	
All Other and Adjustments and Eliminations	0.0	(0.5)	+0.5	
Consolidated Total	450.0	414.2	+35.8	

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, 2020	Year ended March 31, 2019	Change	Description
Iron & Steel Products	10.0	5.9	+4.1	
Mineral & Metal Resources	190.0	181.5	+8.5	
Machinery & Infrastructure	105.0	74.0	+31.0	Increase in dividend from equity method investees, effects of IFRS 16
Chemicals	50.0	31.0	+19.0	Reversal effects of losses on ITC
Energy	210.0	219.1	(9.1)	
Lifestyle	40.0	24.7	+15.3	Effects of IFRS 16
Innovation & Corporate Development	15.0	19.8	(4.8)	
All Other and Adjustments and Eliminations	20.0	14.5	+5.5	
Consolidated Total	640.0	570.5	+69.5	

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

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

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2020			March 2020 Assumption	March 2019 Result	
Commodity	Crude Oil/JCC		-	67	72
	Consolidated Oil Price (*1)		¥3.1bn (US\$1/bbl)	67	71
	U.S. Natural Gas (*2)		¥0.7bn (US\$0.1/mmBtu)	3.00 (*3)	3.07 (*4)
	Iron Ore(*5)		¥2.1bn (US\$1/ton)	(*6)	72 (*7)
	Coal	Coking	¥0.5bn (US\$1/ton)	(*6)	202 (*8)
		Thermal	¥0.1bn (US\$1/ton)	(*6)	110 (*8)
	Copper (*9)		¥0.7bn (US\$100/ton)	6,600	6,525 (*10)
Forex (*11)	USD		¥2.7bn (¥1/USD)	110	111.07
	AUD		¥1.9bn (¥1/AUD)	77	80.77
	BRL		¥0.3bn (¥1/BRL)	28	29.22

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

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

(*3) HH price of US\$3.00/mmBtu is assumed for sales prices linked to the HH price.

(*4) U.S. gas figures FY Mar/2019 are the Henry Hub Natural Gas Futures average daily prompt month closing prices traded on NYMEX during January to December 2018.

(*5) The effect of dividends received from Vale has not been included.

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

(*7) Iron ore results figures for FY Mar/2019 are the daily average (reference price) spot indicated price (Fe 62% CFR North China) recorded in several industry trade magazines from April 2018 to March 2019.

(*8) Coal results figures for FY Mar/2019 are the quarterly average prices of representative coal brands (US\$/MT)

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

(*10) Copper results figures for FY Mar/2019 are the averages of the LME monthly average cash settlement prices for the period January to December 2018.

(*11) Impact of currency fluctuations on reported profit for the year of overseas subsidiaries and equity accounted investees denominated in functional currencies. Depreciation of the yen has the effect of increasing profit for the year through the conversion of profit for the year of overseas subsidiaries and associated companies (denominated in functional currencies) into yen. In the Metal Resources and Energy business where the sales contract is in US\$ the impact of currency fluctuations between the US\$ and the functional currencies (Australian \$ and Brazilian Real) and the impact of currency hedging are not included.

(3) Profit Distribution Policy

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

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

For the period of the Medium-term Management Plan, we have established a target minimum annual dividend amount of ¥100 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 ended March 31, 2019, we plan to pay an annual dividend of ¥80 per share (a ¥10 increase from the year ended March 31, 2018, and including the interim dividend of ¥40 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, 2020, we currently envisage an annual dividend of ¥80 per share, the same amount as the year ended March 31, 2019, taking into consideration of core operating cash flow and profit for the year attributable to owners of the parent as well as stability and continuity of the amount of dividend.

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, 2019	March 31, 2018
Current Assets:		
Cash and cash equivalents	¥ 956,107	¥ 1,131,380
Trade and other receivables	1,804,227	1,766,017
Other financial assets	254,507	243,915
Inventories	607,675	550,699
Advance payments to suppliers	219,849	307,339
Assets held for sale	-	108,920
Other current assets	153,957	117,886
Total current assets	3,996,322	4,226,156
Non-current Assets:		
Investments accounted for using the equity method	2,975,674	2,502,994
Other investments	1,947,565	1,825,026
Trade and other receivables	458,809	400,079
Other financial assets	154,886	153,149
Property, plant and equipment	1,945,381	1,729,897
Investment property	203,102	188,953
Intangible assets	174,085	173,207
Deferred tax assets	40,763	49,474
Other non-current assets	49,192	57,725
Total non-current assets	7,949,457	7,080,504
Total	¥ 11,945,779	¥ 11,306,660

(Millions of Yen)

Liabilities and Equity		
	March 31, 2019	March 31, 2018
Current Liabilities:		
Short-term debt	¥ 337,028	¥ 201,556
Current portion of long-term debt	479,390	482,550
Trade and other payables	1,322,274	1,264,285
Other financial liabilities	278,472	300,284
Income tax payables	47,197	62,546
Advances from customers	201,444	287,779
Provisions	34,458	28,036
Liabilities directly associated with assets held for sale	-	40,344
Other current liabilities	40,012	31,392
Total current liabilities	2,740,275	2,698,772
Non-current Liabilities:		
Long-term debt, less current portion	3,809,057	3,542,829
Other financial liabilities	72,095	103,162
Retirement benefit liabilities	57,203	50,872
Provisions	212,396	200,649
Deferred tax liabilities	499,756	467,003
Other non-current liabilities	24,689	25,250
Total non-current liabilities	4,675,196	4,389,765
Total liabilities	7,415,471	7,088,537
Equity:		
Common stock	341,482	341,482
Capital surplus	387,335	386,165
Retained earnings	3,078,655	2,903,432
Other components of equity	463,270	448,035
Treasury stock	(7,576)	(104,399)
Total equity attributable to owners of the parent	4,263,166	3,974,715
Non-controlling interests	267,142	243,408
Total equity	4,530,308	4,218,123
Total	¥ 11,945,779	¥ 11,306,660

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of Yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue:		
Sale of products	¥ —	¥ 4,330,823
Rendering of services	—	436,606
Other revenue	—	124,720
Revenue	6,957,524	—
Total revenue	6,957,524	4,892,149
Cost:		
Cost of products sold	—	(3,856,008)
Cost of services rendered	—	(186,093)
Cost of other revenue	—	(59,343)
Cost	(6,119,057)	—
Total cost	(6,119,057)	(4,101,444)
Gross Profit	838,467	790,705
Other Income (Expenses):		
Selling, general and administrative expenses	(566,291)	(571,703)
Gain (loss) on securities and other investments-net	4,409	55,146
Impairment reversal (loss) of fixed assets-net	(27,033)	(25,454)
Gain (loss) on disposal or sales of fixed assets-net	17,940	15,108
Reversal (loss) of provision related to Multigrain business	11,083	(25,006)
Other income (expense)-net	(18,786)	15,826
Total other income (expenses)	(578,678)	(536,083)
Finance Income (Costs):		
Interest income	43,376	36,516
Dividend income	105,922	84,793
Interest expense	(80,116)	(66,488)
Total finance income (costs)	69,182	54,821
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	255,367	234,941
Profit before Income Taxes	584,338	544,384
Income Taxes	(152,575)	(103,082)
Profit for the Year	¥ 431,763	¥ 441,302
Profit for the Year Attributable to:		
Owners of the parent	¥ 414,215	¥ 418,479
Non-controlling interests	17,548	22,823

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the Year	¥ 431,763	¥ 441,302
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	95,161	174,983
Remeasurements of defined benefit pension plans	(11,075)	14,242
Share of other comprehensive income of investments accounted for using the equity method	(5,859)	4,372
Income tax relating to items not reclassified	(30,397)	(48,857)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(43,489)	(82,590)
Cash flow hedges	(6,192)	6,184
Share of other comprehensive income of investments accounted for using the equity method	10,540	(42,390)
Income tax relating to items that may be reclassified	4,222	(32,649)
Total other comprehensive income	12,911	(6,705)
Comprehensive Income for the Year	¥ 444,674	¥ 434,597
Comprehensive Income for the Year Attributable to:		
Owners of the parent	¥ 429,917	¥ 416,113
Non-controlling interests	14,757	18,484

(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, 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
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 year			414,215			414,215	17,548	431,763
Other comprehensive income for the year				15,702		15,702	(2,791)	12,911
Comprehensive income for the year						429,917	14,757	444,674
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							(18,504)	(18,504)
Acquisition of treasury stock					(17)	(17)		(17)
Sales of treasury stock		(151)	(207)		373	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		1,090		(212)		878	27,481	28,359
Transfer to retained earnings			255	(255)		—		—
Balance as at March 31, 2019	¥ 341,482	¥ 387,335	¥3,078,655	¥ 463,270	¥ (7,576)	¥4,263,166	¥ 267,142	¥4,530,308

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Operating Activities:		
Profit for the year	¥ 431,763	¥ 441,302
Adjustments to reconcile profit for the year to cash flows from operating activities:		
Depreciation and amortization	186,322	192,587
Change in retirement benefit liabilities	(2,405)	4,326
Provision for doubtful receivables	13,287	20,331
(Reversal) loss of provision related to Multigrain business	(11,083)	25,006
(Gain) loss on securities and other investments-net	(4,409)	(55,146)
Impairment (reversal) loss of fixed assets-net	27,033	25,454
(Gain) loss on disposal or sales of fixed assets-net	(17,940)	(15,108)
Finance (income) costs	(64,298)	(50,911)
Income taxes	152,575	103,082
Share of (profit) loss of investments accounted for using the equity method	(255,367)	(234,941)
Valuation (gain) loss related to contingent considerations and others	(1,429)	(5,230)
Changes in operating assets and liabilities:		
Change in trade and other receivables	(60,026)	(198,407)
Change in inventories	(54,466)	9,813
Change in trade and other payables	79,343	99,814
Other-net	(124,702)	(24,062)
Interest received	34,489	33,935
Interest paid	(82,839)	(69,935)
Dividends received	318,703	376,422
Income taxes paid	(153,881)	(124,687)
Cash flows from operating activities	410,670	553,645
Investing Activities:		
Net change in time deposits	(3,216)	8,368
Net change in investments in equity accounted investees	(377,123)	(114,995)
Net change in other investments	(35,924)	(23,523)
Net change in loan receivables	(40,319)	25,731
Net change in property, plant and equipment	(255,563)	(135,714)
Net change in investment property	(6,891)	(8,078)
Cash flows from investing activities	(719,036)	(248,211)
Financing Activities:		
Net change in short-term debt	103,252	(99,045)
Net change in long-term debt	161,455	(351,218)
Purchases and sales of treasury stock	(17)	(49,992)
Dividends paid	(139,038)	(105,844)
Transactions with non-controlling interest shareholders	1,724	(46,193)
Cash flows from financing activities	127,376	(652,292)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	5,717	(24,529)
Effect of Cash and Cash Equivalents Included in Assets Held for Sale	-	(1,053)
Change in Cash and Cash Equivalents	(175,273)	(372,440)
Cash and Cash Equivalents at Beginning of Year	1,131,380	1,503,820
Cash and Cash Equivalents at End of Year	¥ 956,107	¥ 1,131,380

(5) Assumption for Going Concern: None

(6) Basis of Consolidated Financial Statements

Scope of subsidiaries and equity accounted investees

① Subsidiaries

1) Overseas	208
2) Japan	70

② Equity accounted investees (associated companies and joint ventures)

1) Overseas	168
2) Japan	45

A total of 472 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 Policies and Changes in Accounting Estimates

1) Changes in Accounting Policies

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

The companies applied the following new standards to the 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 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 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 ¥2,054,731 million in the Consolidated Financial Statement of Income for the year ended March 31, 2019 when compared to the figures under the former accounting standards.

While separately presented on prior Consolidated Financial Statements of Income, “Sales of products,” “Rendering of services” and “Other revenue” were collectively stated as “Revenue,” and “Cost of products sold,” “Cost of service rendered” and “Cost of other revenue” were collectively stated as “Costs” since the year ended March 31, 2019.

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 “Consolidated Statement of Changes in Equity” for the year ended March 31, 2019.

2) Changes in Accounting Estimates

The significant changes in accounting estimates in the Consolidated Financial Statements for the year ended March 31, 2019 are as follows.

(Impairment)

MEP Texas Holdings LLC, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas, recognized an impairment loss of ¥11,612 million in “Impairment loss of fixed assets” by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥46,172 million. The impairment loss was mainly related to the revision of development plan. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

Novus International, Inc., a subsidiary in the Chemicals Segment, recognized a loss of ¥13,985 million (¥7,946 million in “Impairment reversal (loss) of fixed assets-net”, ¥5,065 million in “Gain (loss) on disposal or sales of fixed assets-net” and ¥974 million in “Other income (expense)-net”) as a result of reassessing projects to increase production capacity of methionine, due to effect on the project's economic efficiency which was mainly caused by recent spike of EPC cost in the US Gulf Coast.

(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 as reversal of provisions related to the export business due to termination of the relevant contracts.

(8) Notes to Consolidated Financial Statements

① Segment Information

Year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	247,383	1,055,801	904,641	1,747,400	707,978	2,125,847	163,418	6,952,468	5,056	6,957,524
Gross Profit	27,237	175,602	130,743	142,791	134,030	158,867	66,716	835,986	2,481	838,467
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	16,200	59,331	87,476	12,845	40,329	29,315	11,675	257,171	(1,804)	255,367
Profit for the Year Attributable to Owners of the Parent	9,851	167,209	78,428	4,460	95,723	42,435	16,562	414,668	(453)	414,215
Core Operating Cash Flow	5,879	181,451	73,970	29,886	219,064	24,827	20,816	555,893	14,628	570,521
Total Assets at March 31, 2019	606,557	2,222,894	2,450,551	1,266,657	2,425,363	2,378,015	667,314	12,017,351	(71,572)	11,945,779

Year ended March 31, 2018 (from April 1, 2017 to March 31, 2018) (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	238,240	946,369	447,088	1,186,673	534,293	1,409,378	127,326	4,889,367	2,782	4,892,149
Gross Profit	41,874	206,767	121,943	136,573	96,808	139,533	45,084	788,582	2,123	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	(483)	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	(5,342)	418,479
Core Operating Cash Flow	14,179	240,829	158,846	50,174	175,282	7,118	3,061	649,489	16,998	666,487
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 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 March 31, 2019 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services amounting to ¥6,506,907 million and ¥7,044,713 million, respectively.
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 "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 March 31, 2019 includes elimination of receivables and payables between segments amounting to ¥6,467,207 million and ¥7,116,285 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 Consolidated Statements of Cash Flows.
6. Beginning with the year ended March 31, 2019, "All Other" and "Adjustments and Eliminations", which were reported individually in prior periods, have been aggregated into "Others / Adjustments and Eliminations" as they are not material, except for Total Assets. The amounts of Total Assets are stated in Notes 1 and 4. Presentation of "All Other" and "Adjustments and Eliminations" for the Year ended March 31, 2018 have been restated to conform to the current-period presentation.
7. During the year ended March 31, 2019, 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 of each segment at March 31, 2019 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.

② Earnings per share

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the years ended March 31, 2019 and 2018:

Year ended March 31, 2019(from April 1, 2018 to March 31, 2019)

	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	414,215	1,737,982	238.33
Effect of Dilutive Securities:			
Adjustments of effect of:			
Dilutive securities of associated companies	(37)	—	
Stock options	—	1,202	
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	414,178	1,739,184	238.15

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

③ Subsequent Events

There are no material subsequent events to be disclosed.

④ The Fire Incident of Intercontinental Terminals Company LLC

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal, of Intercontinental Terminals Company LLC (“ITC”), a wholly owned U.S. subsidiary of Mitsui & Co., Ltd.. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire completely destroyed, or partially damaged, 15 out of 242 tanks and its surrounding facilities. The fire was completely extinguished by March 22, 2019 (US time). ITC has been working closely with related authorities since the outbreak of the fire. The cause of this fire is still under investigation.

ITC has recognized a loss of ¥20,600 million in “Other Expense (Income) – Net” for the fiscal year ended March 31, 2019 of which amount is the total of incurred cost and future costs related to this incident that can be reasonably estimated at this stage. These costs include those for firefighting and clean-up activities, deducting the insurance amount only of which is virtually certain to be paid to ITC as of this date.

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