Consolidated Financial Results for the Nine-Month Period Ended December 31, 2019 [IFRS]

Tokyo, February 4, 2020 - Mitsui & Co., Ltd. announced its consolidated financial results for the nine-month period ended December 31, 2019, based on International Financial Reporting Standards ("IFRS").

Mitsui & Co., Ltd. and subsidiaries
(Web Site : https://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, 2019
(from April 1, 2019 to December 31, 2019)

		Nine-month period ended December 31,			
		2019	%	2018	%
Revenue	Millions of yen	5,193,989	3.6	5,012,969	37.2
Profit before income taxes	Millions of yen	471,312	△1.5	478,302	0.7
Profit for the period	Millions of yen	358,343	△2.4	367,136	△6.9
Profit for the period attributable to owners of the parent	Millions of yen	335,076	△4.3	350,068	△7.1
Comprehensive income for the period	Millions of yen	239,228	△32.7	355,278	△39.5
Earnings per share attributable to owners of the parent, basic	Yen	192.95		201.42	
Earnings per share attributable to owners of the parent, diluted	Yen	192.82		201.27	

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, 2019	March 31, 2019
Total assets	Millions of yen	12,424,712	11,945,779
Total equity	Millions of yen	4,611,682	4,530,308
Total equity attributable to owners of the parent	Millions of yen	4,338,284	4,263,166
Equity attributable to owners of the parent ratio	%	34.9	35.7

2. Dividend information

		Year ended March 31,		Year ending March 31, 2020 (Forecast)
		2020	2019	
Interim dividend per share	Yen	40	40	
Year-end dividend per share	Yen		40	40
Annual dividend per share	Yen		80	80

Note :
Change from the latest released dividend forecast: None

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	259.44

Note :

Change from the latest released earnings forecast: None

4. Others

(1) Increase/decrease of important subsidiaries during the period : None

(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, 2019	March 31, 2019
Number of shares of common stock issued, including treasury stock	1,742,684,906	1,742,345,627
Number of shares of treasury stock	15,124,194	4,271,539

	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2018
Average number of shares of common stock outstanding	1,736,551,703	1,737,957,802

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 cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on page 15.

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 4, 2020.

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) Operating Environment

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

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

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

(2) Results of Operations

1) Analysis of Consolidated Income Statements

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

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

Revenue

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

Gross Profit

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

Selling, general and administrative expenses

Mainly the Mineral & Metal Resources Segment recorded a decline.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

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

Impairment Reversal (Loss) of Fixed Assets—Net

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

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

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

Other Income (Expense)—Net

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

Reversal of Provision Related to Multigrain Business

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

Finance Income (Costs)

Dividend Income

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

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

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

Income Taxes

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

Profit for the Period Attributable to Owners of the Parent

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

2) Operating Results by Operating Segment

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

Iron & Steel Products Segment

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

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

Mineral & Metal Resources Segment

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

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

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

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

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

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

Machinery & Infrastructure Segment

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

- Gross Profit increased mainly due to the following factor:
  - For the current period, Bussan Auto Finance recorded an increase of ¥3.1 billion due to good sales in motorcycle and car financing business.
- Profit (loss) of equity method investments increased mainly due to the following factors:
  - For the previous period, a loss was recorded at an equity accounted investee due to its overseas rail project.
  - For the current period, a gain was recorded at an automobile company in Canada due to good sales results.
  - For the current period, investments in gas distribution companies in Brazil recorded an increase reflecting the refund of service tax payments through arbitrations.
  - For the previous period, deferred tax assets were recorded at an equity accounted investee due to the change of the investment structure in the IPP(Independent Power Producer) business.
- In addition to the above, the following factor also affected the results:
  - For the previous period, deferred tax assets were recorded at a holding company due to the change of the investment structure in the IPP business.

Chemicals Segment

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

- Gross profit declined mainly due to the following factors:
  - A decline of ¥4.9 billion was recorded mainly due to price drop of methanol in MMTX, Inc.
  - A decline of ¥4.7 billion was recorded mainly due to price drop of main products in Novus International, Inc.
  - Decline was recorded in Intercontinental Terminals Company LLC mainly due to the accidental incident.
- Others included the following factor:
  - For the current period, insurance proceeds were recorded in the business in North America.

Energy Segment

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

- Gross profit increased mainly due to the following factors:
  - Mitsui & Co. Energy Trading Singapore Pte. Ltd. recorded an increase of ¥6.8 billion mainly due to good performance in the oil trading business.
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥6.1 billion mainly due to increase in production.
  - Mitsui E&P Australia Pty. Ltd. recorded a decrease of ¥5.6 billion mainly due to decrease in production.
  - AWE Pty Ltd. recorded a decrease of ¥4.7 billion mainly due to increase in depreciation costs.
  - MEP Texas Holdings LLC recorded a decrease of ¥3.4 billion mainly due to lower oil and gas prices.
- Profit of equity method investment increased mainly due to the following factors:
  - Mitsui E&P Mozambique Area 1 Limited recorded an increase of ¥12.1 billion mainly due to the recognition of deferred tax assets in accordance with the Final Investment Decision for the project.
  - Japan Australia LNG (MIMI) Pty. Ltd. recorded a decrease due to lower crude oil and gas prices.
- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥45.1 billion in total, a decrease of ¥8.6 billion from the previous period.

Lifestyle Segment

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

- Gross profit declined mainly due to the following factor:
  - For the current period, suspension of drug development in the drug development fund invested through MBK Pharma Partnering Inc recorded a ¥4.1 billion loss in the valuation of fair value.
- In addition to the above, the following factors also affected the results:
  - For the current period, there was a ¥12.5 billion decline in tax burden in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd.
  - For the current period, an impairment loss of fixed assets of ¥5.8 billion was recorded mainly due to a partially poor business performance in Accountable Healthcare Holdings Corporation conducting healthcare staffing in the U.S.
  - For the current period, Mitsui & Co. Foresight Ltd. recorded a gain on the sales of property management business.

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

Innovation & Corporate Development Segment

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

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

(3) Financial Condition and Cash Flows

1) Financial Condition

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

(*) Since current period, Interest-bearing debt is calculated by excluding lease liability from short-term debt and long-term debt. As a result of this change, the Net Interest-bearing Debt at March 31, 2019 has been restated.

Assets

Current Assets:

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

Non-current Assets:

- Investments accounted for using the equity method increased by ¥90.9 billion, mainly due to the following factors:
  - An increase of ¥36.5 billion due to correction of Mitsui E&P Mozambique Area 1 Limited's company category to investments accounted for using the equity method;
  - An increase due to an acquisition of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG B.V.;
  - An increase of ¥16.9 billion due to an investment in Minh Phu Seafood Joint Stock Company, a shrimp producer and processor in Vietnam;
  - An increase of ¥12.0 billion due to an investment in Mitsui E&P Mozambique Area 1 Limited, which participates in the Mozambique LNG Project;
  - An increase of ¥199.2 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥139.7 billion due to dividends received from equity accounted investees; and
  - A decline of ¥38.5 billion resulting from foreign currency exchange fluctuations.
- Other investments declined by ¥82.8 billion, mainly due to the following factors:
  - A decline of ¥36.2 billion mainly due to a partial sale of investment in Recruit Holdings Co., Ltd.;
  - Fair value on financial assets measured at FVTOCI and FVTPL declined by ¥22.3 billion and ¥10.2 billion, respectively; and
  - A decline of ¥5.8 billion resulting from foreign currency exchange fluctuations.
- Property, plant and equipment increased by ¥300.6 billion, mainly due to the following factors:
  - An increase of ¥257.6 billion corresponding to adoption of IFRS 16 "Leases";
  - An increase of ¥57.1 billion corresponding to time charter parties of LNG ships for Cameron LNG Export Project in the U.S.; and
  - A decline of ¥38.5 billion due to correction of Mitsui E&P Mozambique Area 1 Limited's company category to investments accounted for using the equity method.
- Intangible assets increased by ¥62.1 billion, mainly due to an increase of ¥70.3 billion for the Brazilian rail business restructuring.

<u>Liabilities</u>

Current Liabilities:

- Short-term debt increased by ¥21.4 billion. Meanwhile, the current portion of long-term debt declined by ¥119.4 billion, mainly due to repayment of debt, despite reclassification to current maturities.
- Other financial liabilities increased by ¥101.9 billion, mainly due to increases in the precious metal lease business in the Innovation & Corporate Development Segment, and corresponding to the increases in other financial assets.
- Advances from customers declined by ¥42.0 billion, corresponding to the declines in advance payments to suppliers.

Non-current Liabilities:

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

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

- Retained earnings increased by ¥226.4 billion.
- Other components of equity declined by ¥147.1 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI declined by ¥41.2 billion; and

- Foreign currency translation adjustments declined by ¥66.1 billion, mainly reflecting the appreciation of the Japanese yen against the Australian dollar, U.S. dollar and Brazilian real.

- Treasury stock, which is a subtraction item in shareholders' equity, increased by ¥21.0 billion, mainly due to share buy-back.

2) Cash Flows

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

Cash Flows from Operating Activities

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

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

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

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

2. Management Policies

(1) Forecasts for the Year Ending March 31, 2020

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

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

(Billions of yen)

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

Depreciation and amortization	250.0	250.0	-	

Core operating cash flow	600.0	640.0	(40.0)	Contribution to corporate pension

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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)risks of changes in global macroeconomic factors, (2)market of risks of 1)commodity market risk, 2)foreign currency risk, 3)interest rate risk, 4)stock price risk, 5)risks regarding pension cost and defined benefit obligations, (3)credit risks, (4)risks regarding impairment

loss on fixed assets, (5)risks regarding fund procurement, (6)risks regarding deferred tax assets, (7)concentrated risk exposures, (8)business investment risk, (9)risks regarding exploration, development and production of mineral resources and oil and gas, (10)risks due to competition, (11)risk regarding limitation of resources on business, (12) environmental risks, (13)risks associated with laws and regulations, (14)risks regarding employee's compliance with laws, regulations, and internal policies, (15)risks regarding internal control, (16)risks regarding climate changes and natural disasters, (17)risks regarding information systems and information securities, (18)risks relating to terrorists and violent groups. 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, 2019	March 31, 2019
Current Assets:		
Cash and cash equivalents	¥ 946,204	¥ 956,107
Trade and other receivables	1,818,494	1,804,227
Other financial assets	329,525	254,507
Inventories	689,688	607,675
Advance payments to suppliers	174,820	219,849
Other current assets	148,083	153,957
Total current assets	4,106,814	3,996,322
Non-current Assets:		
Investments accounted for using the equity method	3,066,572	2,975,674
Other investments	1,864,803	1,947,565
Trade and other receivables	443,403	458,809
Other financial assets	159,224	154,886
Property, plant and equipment	2,246,023	1,945,381
Investment property	208,332	203,102
Intangible assets	236,151	174,085
Deferred tax assets	37,385	40,763
Other non-current assets	56,005	49,192
Total non-current assets	8,317,898	7,949,457
Total	¥ 12,424,712	¥ 11,945,779

(Millions of Yen)

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

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

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

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

		Nine-month period ended December 31, 2019		Nine-month period ended December 31, 2018
Profit for the Period	¥	358,343	¥	367,136
Other Comprehensive Income:				
Items that will not be reclassified to profit or loss:				
Financial assets measured at FVTOCI		(14,471)		49,870
Remeasurements of defined benefit plans		(403)		994
Share of other comprehensive income of investments accounted for using the equity method		4,576		(1,846)
Income tax relating to items not reclassified		5,401		(14,658)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments		(32,238)		(51,729)
Cash flow hedges		(3,590)		(8,119)
Share of other comprehensive income of investments accounted for using the equity method		(84,346)		12,639
Income tax relating to items that may be reclassified		5,956		991
Total other comprehensive income		(119,115)		(11,858)
Comprehensive Income for the Period	¥	239,228	¥	355,278
Comprehensive Income for the Period Attributable to:				
Owners of the parent	¥	223,415	¥	341,633
Non-controlling interests		15,813		13,645

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

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

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine-month period ended December 31, 2019	Nine-month period ended December 31, 2018
Operating Activities:		
Profit for the period	¥ 358,343	¥ 367,136
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	185,394	134,710
Change in retirement benefit liabilities	(1,149)	(377)
Loss allowance	22,029	8,864
Reversal of provision related to Multigrain business	-	(11,083)
(Gain) loss on securities and other investments—net	(2,575)	(6,513)
Impairment (reversal) loss of fixed assets—net	11,603	3,581
(Gain) loss on disposal or sales of fixed assets—net	(7,186)	(5,842)
Interest income, dividend income and interest expense	(65,940)	(57,279)
Income taxes	112,969	111,166
Share of (profit) loss of investments accounted for using the equity method	(199,213)	(185,950)
Valuation gain (loss) related to contingent considerations and others	(3,807)	6,383
Changes in operating assets and liabilities:		
Change in trade and other receivables	(25,483)	(130,912)
Change in inventories	(83,192)	(64,057)
Change in trade and other payables	(48,197)	142,475
Other—net	26,899	(78,127)
Interest received	56,672	25,220
Interest paid	(73,480)	(62,279)
Dividends received	214,475	261,117
Income taxes paid	(91,291)	(96,760)
Cash flows from operating activities	386,871	361,473
Investing Activities:		
Net change in time deposits	2,436	(18,212)
Net change in investments in equity accounted investees	(67,920)	(119,680)
Net change in other investments	56,694	(70,037)
Net change in loan receivables	(2,451)	(36,149)
Net change in property, plant and equipment	(190,823)	(189,262)
Net change in investment property	(4,310)	(15,611)
Cash flows from investing activities	(206,374)	(448,951)
Financing Activities:		
Net change in short-term debt	19,944	53,409
Net change in long-term debt	(47,003)	(6,245)
Purchases and sales of treasury stock	(21,476)	(12)
Dividends paid	(139,071)	(139,038)
Transactions with non-controlling interest shareholders	(2,183)	(2,047)
Cash flows from financing activities	(189,789)	(93,933)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(611)	3,253
Change in Cash and Cash Equivalents	(9,903)	(178,158)
Cash and Cash Equivalents at Beginning of Period	956,107	1,131,380
Cash and Cash Equivalents at End of Period	¥ 946,204	¥ 953,222

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

(5) <u>Assumption for Going Concern:</u> None

(6) <u>Changes in Accounting Policies and Changes in Accounting Estimates</u>

1) Changes in Accounting Policies

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

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

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

In adopting IFRS 16, the companies recognized lease liabilities in relation to leases as a lessee, which had previously been classified as operating leases under the principles of IAS 17 "Leases". These liabilities are measured at the present value discounted using the group's incremental borrowing rate as of April 1, 2019, and are presented as "long-term debt" (including current portion). The associated rights-of-use assets are measured either at the carrying amount as if the Standard had been applied since the commencement date or at the amount equal to the lease liability, and are presented as "Property, plant and equipment".
In transitioning to IFRS 16, the practical expedient was chosen, the companies have adopted this standard to contracts that were previously identified as leases under the principles of IAS 17 and IFRIC 4 "Determining whether an Arrangement Contains a Lease" (hereinafter referred to as "IFRIC 4") without reassessing whether a contract is, or contains, a lease at the date of initial application. The companies have not adopted this standard to contracts that were not previously identified as containing a lease under the principles of IAS 17 and IFRIC 4.
After the date of initial application, if a contract is, or contains, a lease, leases are recognized as a lease liability and a corresponding right-of-use asset at the date at which the asset is available for use by the companies. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense over the lease term at a constant rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease term includes periods of an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Note that short-term leases and leases for which the underlying asset is of low value apply exemption rules of the standards, and recognize the lease payments associated with those leases as an expense mainly on straight-line basis over the lease term.
The cumulative effects due to the application of this standard were recognized on the commencement date of adoption in accordance with the transitional arrangements, the retrospective restatement of prior periods have not been applied.
"Long-term debt" (including current portion) and "Property, plant and equipment" newly recognized at the date of initial application in the Condensed Consolidated Statement of financial position were ¥272,321 million and ¥257,624 million, respectively.
In applying IFRS 16 for the first time, the companies have used the following practical expedients permitted by the standard:

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

・the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2) Changes in Accounting Estimates

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

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

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

(7) Segment Information

Nine-month period ended December 31, 2019 (from April 1, 2019 to December 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	184,168	824,195	680,325	1,198,018	620,200	1,554,980	131,253	5,193,139	850	5,193,989
Gross Profit	18,255	176,462	99,895	89,653	110,110	103,447	42,330	640,152	271	640,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	9,188	43,510	75,806	10,048	33,124	16,516	11,087	199,279	(66)	199,213
Profit for the Period Attributable to Owners of the parent	3,519	135,897	59,853	16,605	97,510	18,091	6,005	337,480	(2,404)	335,076
Core Operating Cash Flow	1,476	170,764	65,553	29,287	194,721	23,703	2,624	488,128	28,716	516,844
Total Assets at December 31, 2019	568,553	2,206,587	2,572,561	1,288,407	2,742,680	2,111,061	1,056,167	12,546,016	(121,304)	12,424,712

Nine-month period ended December 31, 2018 (from April 1, 2018 to December 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	156,414	755,525	597,560	1,322,666	540,128	1,494,701	142,799	5,009,793	3,176	5,012,969
Gross Profit	20,736	135,888	97,622	110,708	109,874	106,365	50,687	631,880	1,197	633,077
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	14,617	45,184	63,004	11,012	26,462	18,299	9,084	187,662	(1,712)	185,950
Profit for the Period Attributable to Owners of the parent	10,246	127,565	55,538	23,734	86,937	33,607	5,808	343,435	6,633	350,068
Core Operating Cash Flow	(1,390)	149,381	57,895	40,988	194,068	21,301	6,059	468,302	23,792	492,094
Total Assets at March 31, 2019	606,557	2,222,894	2,450,551	1,337,737	2,425,363	2,006,139	971,833	12,021,074	(75,295)	11,945,779

Notes:1. “Others / Adjustments and Eliminations” includes 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, 2019 and December 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 ¥ 7,044,713 million and ¥ 7,071,420 million, respectively.

2. Transfers between reportable segments are made at cost plus a markup.
3. Profit 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, 2019 and December 31, 2019 includes elimination of receivables and payables between segments amounting to ¥ 7,120,008 million and ¥ 7,192,724 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. Due to the organizational restructuring with the aim of further strengthening of business, materials business and real estate business which were formerly included in "Lifestyle" segment are included in "Chemicals" segment and "Innovation & Corporate Development" segment respectively, from the three-month period ended June 30, 2019. In accordance with these changes, the segment information for the nine-month period ended December 31, 2018 has been restated to conform to the current period presentation.

(8) 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, and was completely extinguished by March 22, 2019 (US time). ITC has resumed operation after discussions with relevant authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

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

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