101st (Year ended March 31, 2020)

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MITSUI & CO., LTD.

Items Disclosed on Internet Concerning Notice of the 101st Ordinary General Meeting of Shareholders

Subscription rights to shares, etc.

1. Overview of the subscription rights to shares, etc. granted to and held by Officers, etc. of the Company as compensation for execution of duties as of March 31, 2020

(1) Subscription rights to shares held by Directors, Audit & Supervisory Board Members, and Managing Officers

Year of issuance (Date of resolution of issuance)	Number of subscription rights to shares	Class and number of shares to be issued	Issue price	Amount of assets to be contributed upon exercise	Exercise period
Year ended March 31, 2015 (July 4, 2014)	195	19,500 shares of common stock	Issued without contribution	¥1 per share	From July 28, 2017 to July 27, 2044
Year ended March 31, 2016 (July 8, 2015)	449	44,900 shares of common stock	Issued without contribution	¥1 per share	From July 28, 2018 to July 27, 2045
Year ended March 31, 2017 (July 13, 2016)	1,356	135,600 shares of common stock	Issued without contribution	¥1 per share	From July 29, 2019 to July 28, 2046
Year ended March 31, 2018 (July 5, 2017)	2,505	250,500 shares of common stock	Issued without contribution	¥1 per share	From July 20, 2020 to July 19, 2047
Year ended March 31, 2019 (July 4, 2018)	2,131	213,100 shares of common stock	Issued without contribution	¥1 per share	From July 25, 2021 to July 24, 2048

(2) Breakdown

Year of issuance (Date of resolution of issuance)	Directors (excluding External Directors)		Audit & Supervisory Board Members		Managing Officers	
	Number of subscription rights to shares	Number of holders	Number of subscription rights to shares	Number of holders	Number of subscription rights to shares	Number of holders
Year ended March 31, 2015 (July 4, 2014)	117	3	–	–	78	2
Year ended March 31, 2016 (July 8, 2015)	82	2	41	1	326	6
Year ended March 31, 2017 (July 13, 2016)	736	4	151	2	469	8
Year ended March 31, 2018 (July 5, 2017)	1,149	8	142	2	1,214	21
Year ended March 31, 2019 (July 4, 2018)	1,173	9	116	2	842	22

Notes:

1. Stock-based compensation stock option with stock price conditions for Officers have been abolished pursuant to a resolution of the Annual General Meeting of Shareholders held on June 20, 2019.
2. The holding status for Managing Officers who concurrently serve as Directors is listed in the Directors field.
3. The subscription rights to shares held by Audit & Supervisory Board Members were granted when the individuals in question served as Directors or Managing Officers, and were not granted during their terms as Audit & Supervisory Board Members.
4. The class and total number of shares to be issued upon exercise of subscription rights to shares as of March 31, 2020 (including those held by retirees) was 1,448,900 shares of common stock.
5. The main exercise conditions of the subscription rights to shares are the same as those described below in 2. Overview of the subscription rights to shares, etc. granted to the Company's employees, etc. as compensation for execution of duties during the fiscal year ended March 31, 2020.

2. Overview of the subscription rights to shares, etc. granted to the Company's employees, etc. as compensation for execution of duties during the fiscal year ended March 31, 2020

Name	The First Subscription Rights to Shares of the Company (stock options as stock-based compensation with stock price conditions) during the fiscal year ended March 31, 2020		
Date of resolution of issuance	July 3, 2019		
Number of subscription rights to shares	0 rights	0 rights	284 rights
Number of granted persons	Directors of the Company (excluding External Directors): 0 persons	Managing Officers of the Company not concurrently serving as Directors (excluding Managing Officers outside Japan): 0 persons	Retired Managing Officers: 2 persons
Class and number of shares to be issued upon exercise of subscription rights to shares	0 shares of common stock of the Company	0 shares of common stock of the Company	28,400 shares of common stock of the Company
Issue price of subscription rights to shares	Issued without contribution		
Amount of assets to be contributed upon exercise of subscription rights to shares	¥1 per share		
Exercise period of subscription rights to shares	From July 24, 2022 to July 23, 2049		
Main conditions for exercise of subscription rights to shares	(1) Holders of subscription rights to shares may no longer exercise the subscription rights to shares after a period of 10 years has elapsed from the subsequent day on which the holders lose their positions as Directors, and/or Managing Officers, and/or Audit & Supervisory Board Members of the Company. (2) Holders of subscription rights to shares may exercise all of the subscription rights to shares only when, as the stock price conditions, the Company's stock price growth rate over 3 years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate and on the other hand, when such rate falls below the TOPIX growth rate, reflecting the degree, they may exercise only part of such subscription rights to shares allotted (please refer to details of stock price conditions below).		

Note: The two retired Managing Officers were granted subscription rights to shares the Company withheld while they were residing outside Japan.

[Details of stock price conditions]

1. When the **<u>Company's stock price growth rate</u>**[*1] is equal to or exceeds the **<u>TOPIX (Tokyo Stock Price Index) growth rate</u>**[*2]: All of the subscription rights to shares granted may be exercised.
2. When the Company's stock price growth rate falls below the TOPIX growth rate: **<u>Only part of the subscription rights to shares granted</u>**[*3] may be exercised.

*1 The Company's stock price growth rate shall be calculated by the formula below based on the Company's stock price growth rate for the period of three years from the allotment date to the first date of the exercise period.

A: The average closing price for the Company's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls

B: The total amount of dividends per common share of the Company for the period from the allotment date to the first date of the exercise period of the subscription rights to shares

C: The average closing price for the Company's common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

The Company's stock price growth rate = (A + B) / C

*2 The TOPIX growth rate shall be calculated by the formula below based on the TOPIX growth rate for the period of three years from the allotment date to the first date of the exercise period.

D: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls

E: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

TOPIX growth rate = D / E

*3 **Number of exercisable subscription rights to shares = Number of subscription rights to shares granted × (the Company's stock price growth rate / TOPIX growth rate)**

Details of independent auditor

1. Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

2. Remuneration Paid to Independent Auditor

The remuneration paid by the Company and its consolidated subsidiaries to the Independent Auditor relating to the fiscal year under review is as follows.

(Millions of Yen)

Classification	Audit Fees	Non-Audit Fees
The Company	742	8
Consolidated subsidiaries	719	11
Total	1,461	19

Notes:

1. The Company has not drawn any distinction between the remuneration for the audit services pursuant to the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan in the agreement with the Independent Auditor.
2. Based upon the Practical Guidelines for Cooperation with Independent Auditors released by the Japan Audit & Supervisory Board Members Association, having obtained necessary materials and received reports from Directors, related departments, and the Independent Auditor, and having reviewed the auditing plans, the status of execution of duties by the Independent Auditor, the grounds for calculation of remuneration estimates and other matters in the previous fiscal year, the Audit & Supervisory Board gives consent to remunerations for the Independent Auditor in accordance with Article 399, Paragraph 1 of the Companies Act of Japan.
3. Some subsidiaries are subject to audits performed by certified public accountants and audit corporations (including those who have equivalent qualifications in foreign countries) other than the Company's Independent Auditor.

3. Non-Audit Services

The Company has engaged its Independent Auditor to provide "tax-related services," etc., being services falling outside the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

4. Policy for Decisions on Dismissal or Non-Reappointment of Independent Auditor

The Company has the following policy on the dismissal of, and decisions not to reappoint, the Independent Auditor.

1) The tenure of the Independent Auditor is one year, and they may be reappointed.
2) The election, dismissal and/or non-reappointment of the Independent Auditor is/are resolved by the Audit & Supervisory Board to be referred for discussion and resolution at the General Meeting of Shareholders. The reappointment of the Independent Auditor is determined by resolution of the Audit & Supervisory Board.

3) Other than the Company's convenience, where the Independent Auditor has breached or contravened law or regulation such as the Companies Act of Japan or the Certified Public Accountants Act, or has conducted itself in breach of public policy or breached its contract of engagement, the Audit & Supervisory Board considers whether or not it is appropriate to refer the dismissal or non-reappointment of the Independent Auditor to the General Meeting of Shareholders for discussion and resolution.
4) The Audit & Supervisory Board may dismiss the Independent Auditor with the approval of each Audit & Supervisory Board Member if the circumstances outlined in the respective provisions of Article 340, Paragraph 1 of the Companies Act of Japan apply.

Necessary systems to ensure appropriate operations and status of operations of the systems

An outline of "Necessary systems to ensure appropriate operations" (pursuant to Article 362, Paragraph 4, Item 6 of the Companies Act of Japan) of the Company and the status of operations of the systems are as follows.

As for the systems above, further details can be found via the following link on the website of the Company (https://www.mitsui.com/jp/en/company/outline/governance/index.html).

1. Systems to Ensure that Directors and Employees Comply with Laws and Regulations, and the Articles of Incorporation

1) The Company has established the "BUSINESS CONDUCT GUIDELINES FOR EMPLOYEES AND OFFICERS OF MITSUI & CO., LTD.," based on its positioning of compliance by officers and employees in the course of carrying out their duties as one of the most important priorities of the Company.
2) The Company has established the Compliance Committee, headed by the Chief Compliance Officer (CCO), and carries out compliance training and other measures to ensure and improve awareness of compliance issues. The Company establishes several internal and external whistle-blowing avenues, and conducts periodical auditing to ensure its compliance regime is observed while also taking disciplinary actions on violations.
3) Audit & Supervisory Board Members monitor the observance of all relevant laws and regulations and the Articles of Incorporation, among other things, by Directors and employees in the performance of their duties.
4) The Company has appointed External Directors to strengthen the supervisory function of the Board of Directors and has established various advisory committees that include External Members as committee members, in order to enhance objectivity and transparency of management.

Status of operations of the above systems

- Compliance

  Every year, the Company requires all officers and employees to submit a written pledge promising to comply with the BUSINESS CONDUCT GUIDELINES FOR EMPLOYEES AND OFFICERS OF MITSUI & CO., LTD., etc., distributes a compliance handbook, and carries out compliance workshops, seminars and awareness surveys. The Company works to ensure thorough compliance and instill integrity, with this message being continuously disseminated by the Company's management, including the President and CCO. In the fiscal year ended March 2020, the Company implemented "With Integrity Month" with the theme of "thinking about integrity." In addition to the dissemination of management messages, including lectures for employees presented by the CEO, activities also included a panel discussion among the CCO, two Business Unit COOs, and young employees, as well as seminars run by outside presenters. Furthermore, we will start posting a "Compliance Administrator" in each business unit to assist the Chief Operating Officer, who is the Compliance Supervising Officer of each business unit, from April 1, 2020 to further instill integrity and compliance awareness thoroughly in members of the organization and to enhance the consolidated compliance structure at major affiliated companies.

  In addition, the Company took steps to create a healthy working environment by implementing compulsory harassment training for line managers and all officers and employees of equivalent rank, and by providing updated information about trends in laws and regulations. We have also started sharing information about critical compliance-related cases that have occurred within the Mitsui & Co. group with the aim of preventing similar situations from recurring. The whistle-blowing system serves as the core internal control mechanism for discovering problems. There are eight reporting routes under this system, including reporting to the Audit & Supervisory Board Members. The CCO and other officers continually issue messages to encourage people to speak up if they believe that there is a compliance-related issue. Posters were displayed in company premises, and a video introducing the whistle-blowing system was posted on the intranet as part of efforts to enhance confidence in the system. Twice each year the compliance framework status is reported to the Compliance Committee, the Corporate Management Committee, and the Board of Directors for their review, and active discussions are held to further improve the framework.

- Monitoring by the Audit & Supervisory Board Members

  The Audit & Supervisory Board Members conduct audits of the decision-making process of the management team through attending meetings of the Board of Directors and other important meetings, such as meetings of the Corporate Management Committee and inspecting decision-making documents, and monitor the execution of duties through auditing activities including regular meetings with the management team and coordination with the Independent Auditor and the Internal Auditing Division.

- Strengthening the Supervisory Function of the Board of Directors and Enhancing the Objectivity and Transparency of Management

  The Company appointed five External Directors from diverse backgrounds to utilize their expert knowledge in management and oversight. External Directors provide opinions and viewpoints based on various specialties and are significantly contributing to strengthening the supervisory functions through diverse analyses of topics deliberated by the Board of Directors. In the fiscal year ended March 2020, there were 15 external members' meetings attended by External Directors and External Audit & Supervisory Board Members. Topics discussed included corporate strategies (framework for the formulation of Medium-term Management Plan 2023), progress with digital transformation initiatives, human resource development activities, and the evaluation of the effectiveness of the Board of Directors. Furthermore, the Governance Committee (three meetings), the Nomination Committee (four meetings), and the Remuneration Committee (four meetings) carried out discussion in light of the opinions of External Members and put effort into enhancing the objectivity and transparency of management. The Company took steps to enhance the functions of the advisory committees by reviewing the member composition, aims of respective committees and the ways in which they report to the Board of Directors. Specifically, the Governance Committee discussed the state of governance at the consolidated group level and priorities for its further evolution. The committee also discussed a third-party assessment of the effectiveness of the Board of Directors for the fiscal year ended March 2020, in addition to self-assessment. The review of draft evaluations of officers was added to the purpose of the Remuneration Committee. The way in which the advisory committees report to the Board of Directors about their activities was modified to place greater emphasis on the specific content of deliberations, including the provision of opportunities for External Directors, who are members of advisory committees, to learn about officer candidates. The off-site free discussion sessions for Directors and Audit & Supervisory Board Members, which were first introduced in the fiscal year ended March 2019, received positive comments in the effectiveness assessment for that year and were, therefore, continued in the fiscal year ended March 2020. Specifically, in November 2019 Directors and Audit & Supervisory Board Members participated in a retreat at a company training facility and engaged in intensive discussions on the themes of Management Strategies as a Conglomerate and Mitsui Diversity Management.

2. Systems to Store and Control Information Related to Duties Performed by Directors

In accordance with its Rules on Information Management etc., the Company stores and controls important information such as the minutes of the General Meetings of Shareholders and meetings of the Board of Directors.

Status of operations of the above systems

To properly evaluate its decision-making process, the Company promptly creates, stores and manages the minutes from important meetings such as the General Meetings of Shareholders and meetings of the Board of Directors.

Furthermore, the Company implements thorough information management based on the Rules on Information Management etc., and of confidential information, information requiring particularly high-level control is indicated as “Classified and Sensitive Information” and placed under stricter control limiting the information handlers.

3. Regulations and Systems Related to Management of Risk of Loss

1) The Chief Operating Officers of business units and regional business units of the Company manage risks of losses (“Risks”) that arise from businesses within the scope of their authority.
2) Corporate Staff Unit of the Company have established and oversee an integrated risk management system to holistically manage the various Risks that the Company faces in its businesses, centered on the Corporate Management Committee and the Portfolio Management Committee.
3) The Company responds to crises and emergency situations by establishing the Crisis Management Headquarters, etc. in accordance with the “Crisis Management Headquarters Regulations” and the “Emergency Business Continuity Management Regulations.”

Status of operations of the above systems

The Company appropriately operates a system for the segregation of authority and an internal approval system, and the Corporate Staff Unit oversees and supports the decision-making of the Business Units, thus thoroughly managing the Risks arising from business activities.
Furthermore, through the prior setting of credit limits, etc. for customers and monitoring by specialized divisions, the Company manages quantitative Risks such as credit risk and country risk.
In the fiscal year ended March 2020, the Portfolio Management Committee held nine meetings and continued to provide appropriate risk management at the company-wide level by monitoring portfolios and investment/loan cash flows across the entire company, and through the case studies of individual investment proposals. The Corporate Management Committee deliberated on risk exposure and controls by risk category and country-specific risk response policies, and reviewed the administration of compliance systems. After reviewing the group companies’ internal control frameworks, the Company decided that from April 2019 onwards, the Corporate Management Committee will assume the roles and responsibilities hitherto performed by the Internal Control Committee, such as the formulation of basic policies on internal controls, the integrated development of internal control frameworks, and the maintenance and improvement of their effectiveness. Moreover, the Internal Control Committee has been abolished, and its subordinate organizations will report directly to the Corporate Management Committee.

4. Systems to Ensure Effective and Efficient Execution of Duties by Directors

1) Efficient management performance is pursued through having the Board of Directors oversee each Director in the performance of his/her duties and the use of a Managing Officer System.
2) The Company has established various committees, such as the Corporate Management Committee and the Portfolio Management Committee, to enhance efficient and appropriate management decisions.
3) The Company has constructed a business unit system and regional unit system to enable timely management decisions, and implemented an internal approval system where its Representative Directors make the final decision in the best interest of the Company, following deliberations conducted by the relevant Corporate Staff Unit.
4) Management initiatives are implemented in accordance with the Medium-Term Management Plan and annual business plans, with the Board of Directors regularly verifying upon progress.

Status of operations of the above systems

The Company smoothly operates an internal approval system through coordination between the Business Units and the Corporate Staff Unit. Furthermore, through thorough evaluation at the various meetings, including the meetings of the Corporate Management Committee and the meetings of the Portfolio Management Committee, the Company realizes appropriate and efficient management decision making.

Prior to meetings of the Board of Directors, the Board of Directors Secretariat screens proposed resolutions and matters to be reported based on the Companies Act of Japan and internal rules, ensuring that the oversight of each Director in the performance of his/her duties is conducted appropriately and efficiently by the Board of Directors.

To evaluate the progress of actions taken in response to management issues, proposals and reports are carried out at meetings of the Board of Directors regarding company-wide issues, not limited to individual proposals.

In the fiscal year under review, proposals and reports were made regarding topics such as proposal of the Business Plan of the fiscal year ended March 31, 2020 and the revision of Mitsui & Co.'s asset portfolios.

Furthermore, the Company reviews the various rules related to internal procedures as needed, working to make the execution of operations more efficient.

5. Systems to Ensure Proper Operations in the Group

1) Based on the general principle of maintaining the autonomy of its affiliated companies, the Company appropriately manages affiliated companies, understanding the management status and maintaining a group-wide management framework, while providing for the Company's participation in the management and/or governance of its affiliated companies as appropriate to its equity investor status.
2) The Company requires its major affiliated companies to conduct regular auditing to check their observance of all relevant laws and regulations, and internal regulations.
3) The Company requests to build an appropriate whistle-blowing avenue for affiliated companies, requests the prohibition of the disadvantageous treatment of whistleblowers, and, in the event that affiliated companies detect a violation of compliance by the officers or employees of the Company, the matter may be reported to the Compliance Committee, through the whistle-blowing avenues, either internally or externally.

Status of operations of the above systems

Depending on their relationship with the Company, the Company requires its subsidiaries and associated companies to comply with its "Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles," or, requires they put in place internal control systems equivalent to the Company's system.

Furthermore, officers and employees of the Company serve as supervising officers of affiliated companies, managing the affiliated companies based on the "Rules on Duties of Supervising Officers of Affiliated Companies." The Company dispatches its staff of the Company's Internal Auditing Division, serving as Full-time Audit & Supervisory Board Members of its principal affiliated companies, which strengthen oversight of the Group.

Also, while increasing the effectiveness of the consolidated group's business operations, the Company established the "Mitsui Global Business Management Guidelines" with the goal of maximizing the added value created by each company. In doing so, the Company is promoting organic cooperation between each group company and sharing of the management resources, functions, and networks that each company possesses.

In the fiscal year ended March 2020, the Company worked to enhance the compliance of the group, conducting a compliance awareness survey at principal domestic affiliated companies continuing from the fiscal year ended March 31, 2019, and distributing the Compliance Handbook to principal domestic affiliated companies.

The Company continued to disseminate the *Mitsui & Co. Group Conduct Guidelines – With Integrity*. The Company also formulated and began to implement the *Guidelines on the Establishment of Compliance Systems at Affiliated Companies,* which notes best practices for developing and enhancing the compliance structure, to help enhance the independent and self-reliant compliance structures of affiliated companies.

We are increasing the number of countries where the Global Group Hotline is applicable, which is used to report issues related to antimonopoly or corruption prevention laws in Japan and overseas and seek advice.

6. Matters Related to Employees Assigned to Assist Audit & Supervisory Board Members, the Independence of Such Employees from Directors, and Ensuring the Effectiveness of Audit & Supervisory Board Members' Directions to Such Employees

1) The Company establishes the Audit & Supervisory Board Member Division and allocates three or more staff.
2) The organizational change and personnel change of employees of the Audit & Supervisory Board Member Division are determined with the approval of the Audit & Supervisory Board Members.

Status of operations of the above systems

As of March 31, 2020, the Audit & Supervisory Board Member Division is staffed with five dedicated employees to assist the Audit & Supervisory Board Members in their duties.

Furthermore, decisions on the personnel change of employees of the Audit & Supervisory Board Member Division were made by the responsible Director with the approval of the Audit & Supervisory Board Members.

7. Systems to Report to and Collecting Information by Audit & Supervisory Board Members

1) Audit & Supervisory Board Members may attend the meetings of the Board of Directors, the meetings of the Corporate Management Committee and other important meetings, receive important in-house documentation and materials, have regular meetings with Chairman, President, CCO and other Directors, Managing Officers, or other management staff, and receive information on the Company including information on affiliated companies.
2) Directors should immediately report to the Audit & Supervisory Board in the event of discovery of circumstances that carry the potential risk of serious loss or consequence to the Company.
3) Audit & Supervisory Board Members audit and supervise the state of the management of its major affiliated companies through visiting of those affiliated companies and collaborating with the Audit & Supervisory Board Members of those companies.

Status of operations of the above systems

The abovementioned system has been established and is in operation, in which Audit & Supervisory Board Members promptly receive reports from the person in charge of the relevant department in the event that there is a problem that could have a significant impact on the Company. Also, through attending the meetings of the Board of Directors and its advisory committees, having regular meetings with Chairman and President, sharing information and exchanging opinions at meetings with External Directors and regular meetings with the Independent Auditor and the Internal Auditing Division, Audit & Supervisory Board Members work to collect and examine information of the Company. In addition to the above, Full-time Audit & Supervisory Board Members work to collect and examine information on the day-to-day management performance of the Company, through attending important meetings including meetings of the Corporate Management Committee, having regular meetings with the Directors, Managing Officers, and General Managers of the Corporate Staff Unit, sharing information and viewing important documentation, exchanging opinions at meeting with full-time audit & supervisory board members of subsidiaries and other means, and share those information with External Audit & Supervisory Board Members at the Audit & Supervisory Board and via documentarily communication.

The Audit & Supervisory Board Members designate some of the affiliated companies positioned important for the fiscal year both in Japan and overseas as “Important Affiliated Companies Designated by the Audit & Supervisory Board,” and make visits to these designated affiliated companies and local independent auditors of these companies, and proactively collect information on the management status of affiliated companies on a global group basis.

As outlined above, the Company has established and effectively operates the abovementioned system in which important matters and problematic events arising in relation to the global business management of the Company are reported to Audit & Supervisory Board Members in a timely and appropriate manner.

8. Other Systems to Ensure Effective Auditing by Audit & Supervisory Board Members

1) Directors maintain an appropriate environment for auditing and supervising of the management activities of the Audit & Supervisory Board Members.
2) The Audit & Supervisory Board Members may request cooperation from the Internal Auditing Division, the Legal Division, and the Global Controller Division, as well as other divisions with regard to their auditing and supervising.
3) The Audit & Supervisory Board Members maintain close contact with the Independent Auditor.
4) The Audit & Supervisory Board Members may request the assistance of legal counsel and other external expert professional advisors.
5) The Company is responsible for the costs associated with the execution of Audit & Supervisory Board Members’ duties.

Status of operations of the above systems

Regarding the audit environment and the cooperation given to Audit & Supervisory Board Members by the Internal Auditing Division, the Legal Division, the Global Controller Division, and other divisions, the

Members hold regular meetings with and receive reports from those corporate units and also gather information needed for the audit activities by investigating specific individual cases and continually monitoring particular items with the cooperation of the relevant corporate units. Audit & Supervisory Board Members conduct effective auditing in collaboration with the Internal Auditing Division and the Independent Auditor through monthly regular individual meetings with each of them, triangular meetings, and feedback sessions carried out by the Internal Auditing Division in the presence of the audited division (audited affiliated company), in and at which the Audit & Supervisory Board Members participate and state independent comments on the audited division or company. Audit & Supervisory Board members also help to assess the appropriateness of accounting audits by exchanging opinions with the Independent Auditor on topics that include the independence of the Independent Auditor, its frameworks for the performance of its duties, and its quality control frameworks. Furthermore, the Audit & Supervisory Board consults as necessary with legal counsel on auditing operations.

The Company secured the required budget for the execution of the Audit & Supervisory Board Members' duties, including related legal fees, and bore the expenses related to the execution of Audit & Supervisory Board Members' duties.

9. Systems and Basic Philosophy Related to the Rejection of Anti-Social Forces

The Company ensures all Directors and employees fully understand the Company's basic philosophy with regard to the rejection of anti-social forces, including the forbidding of transactions with anti-social forces or with parties that have relations with anti-social forces, and also cooperates with external professionals such as the police and attorneys at law, through the establishment of a response unit for the handling of such matters.

Status of operations of the above systems

The Company ensures the thorough rejection of anti-social forces by all officers and employees, and in individual business activities, conducts screening utilizing a checklist for the elimination of anti-social forces at the stage of consideration of new projects.

Consolidated Financial Statements

Consolidated Statements of Changes in Equity

Year ended March 31, 2020

(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 year			391,513			391,513	19,799	411,312
Other comprehensive income for the year				(650,961)		(650,961)	(22,207)	(673,168)
Comprehensive income for the year			391,513	(650,961)		(259,448)	(2,408)	(261,856)
Transaction with owners:								
Dividends paid to the owners of the parent			(139,071)			(139,071)		(139,071)
Dividends paid to non-controlling interest shareholders							(14,130)	(14,130)
Acquisition of treasury stock					(58,092)	(58,092)		(58,092)
Sales of treasury stock		(167)	(363)		530	0		0
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		15,167		650		15,817	(7,349)	8,468
Transfer to retained earnings			36,869	(36,869)		—		—
Balance as at March 31, 2020	¥341,776	¥402,652	¥3,362,297	¥(223,910)	¥(65,138)	¥3,817,677	¥243,255	¥4,060,932

Year ended March 31, 2019 (Supplementary Information)

(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 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			414,215	15,702		429,917	14,757	444,674
Transaction with owners:								
Dividends paid to the owners of the parent			(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

Consolidated Statements of Comprehensive Income [Supplementary Information] (Unaudited)

(Millions of Yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the Year	¥ 411,312	¥ 431,763
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	(376,024)	95,161
Remeasurements of defined benefit plans	(7,007)	(11,075)
Share of other comprehensive income of investments accounted for using the equity method	(11,239)	(5,859)
Income tax relating to items not reclassified	79,856	(30,397)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(152,404)	(43,489)
Cash flow hedges	(10,070)	(6,192)
Share of other comprehensive income of investments accounted for using the equity method	(205,343)	10,540
Income tax relating to items that may be reclassified	9,063	4,222
Total other comprehensive income	(673,168)	12,911
Comprehensive Income for the Year	**¥ (261,856)**	**¥ 444,674**
Comprehensive Income for the Year Attributable to:		
Owners of the parent	¥ (259,448)	¥ 429,917
Non-controlling interests	(2,408)	14,757

Segment Information [Supplementary Information] (Unaudited)

Year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle
Revenue	250,090	1,075,179	893,697	911,766	1,544,220	2,018,062
Gross Profit	24,554	225,966	141,537	134,182	116,757	134,924
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	13,121	59,152	45,899	87,684	11,540	34,996
Profit (Loss) for the Year Attributable to Owners of the parent	4,749	183,273	59,735	87,457	22,332	32,034
Core Operating Cash Flow	2,588	244,789	221,018	95,158	38,254	37,256
Total Assets at March 31, 2020	539,599	1,921,883	2,549,163	2,377,070	1,217,737	1,907,621

	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	185,385	6,878,399	8,032	(1,398)	6,885,033
Gross Profit	60,099	838,019	1,010	394	839,423
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	16,984	269,376	179	(323)	269,232
Profit (Loss) for the Year Attributable to Owners of the parent	14,568	404,148	(4,995)	(7,640)	391,513
Core Operating Cash Flow	8,644	647,707	(26,071)	256	621,892
Total Assets at March 31, 2020	1,198,286	11,711,359	7,142,647	(7,047,714)	11,806,292

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

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle
Revenue	247,383	1,055,801	707,978	904,641	1,788,176	2,038,952
Gross Profit	27,237	175,602	134,030	130,743	147,956	141,768
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	16,200	59,331	40,329	87,476	14,328	26,384
Profit for the Year Attributable to Owners of the parent	9,851	167,209	95,723	78,428	5,157	36,309
Core Operating Cash Flow	5,879	181,451	219,064	73,970	31,020	24,673
Total Assets at March 31, 2019	606,557	2,222,894	2,425,363	2,450,551	1,337,737	2,006,139

	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	209,540	6,952,471	5,079	(26)	6,957,524
Gross Profit	78,649	835,985	2,878	(396)	838,467
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	13,123	257,171	110	(1,914)	255,367
Profit for the Year Attributable to Owners of the parent	21,991	414,668	529	(982)	414,215
Core Operating Cash Flow	19,836	555,893	3,886	10,742	570,521
Total Assets at March 31, 2019	971,833	12,021,074	7,044,713	(7,120,008)	11,945,779

Notes:
1. "All Other" includes the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies.
   Total assets of "All Other" at March 31, 2019 and March 31, 2020 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.
2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the Year Attributable to Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. 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.
5. During the year ended March 31 2020, 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. In accordance with these changes, the segment information for the year ended March 31, 2019 has been restated to conform to the current year presentation.
6. The description order of reporting segments has been changed in the segment information for the year ended March 31, 2020, and this change was also applied to the year ended March 31, 2019.

Notes to Consolidated Financial Statements (Year ended March 31, 2020)

Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

1. Subsidiaries and equity accounted investees
  (1) Subsidiaries 283
    Mitsui Oil Exploration Co., Ltd., Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd., Mitsui Sakhalin Holdings B.V., MITSUI COAL HOLDINGS PTY., LTD., and others

  (2) Equity accounted investees (associated companies and joint ventures) 223
    Japan Australia LNG (MIMI) Pty. Ltd., P.T. Paiton Energy, Penske Automotive Group, Inc. and others

    A total of 482 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.

2. Summary of Significant Accounting Policies
  (1) Basis of consolidated financial statements
    The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards ("IFRSs"), in compliance with Article 120, paragraph 1 of the Ordinance on Company Accounting. In accordance with the provision of the paragraph, certain disclosures required on the basis of IFRSs have been omitted.

  (2) Valuation basis and method for assets
    i. Valuation basis and method for financial assets
      The Company and its subsidiaries (collectively, the "companies") apply IFRS 9 "Financial Instruments" (amended in July 2014).
      <u>Financial assets measured at amortized cost</u>
        Non-derivative financial assets that are debt instruments are initially measured at fair value if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method. The companies measure the loss allowance at an amount equal to 12-month expected credit losses if the credit risk on a financial asset has not increased significantly since initial recognition, and measure the loss allowance at an amount equal to lifetime expected credit losses if the credit risk on a financial asset has increased significantly since initial recognition for financial assets that are measured at amortized costs. However, for trade receivables and contract assets, the loss allowance is measured at an amount equal to the lifetime expected credit loss without assessing whether the credit risk on a financial asset has increased significantly since initial recognition.
        When determining significant increases in the credit risk and measuring expected credit losses, both quantitative and qualitative information are considered to provide reason and support. These information include reasonable and available forward-looking information, as well as internal information such as historical credit loss experience, past due information and internal credit ratings. The provision or the reversal of loss allowance is recognized in profit for the year.
      <u>Financial assets which are measured at fair value through profit (loss) for the year ("FVTPL")</u>
        Equity financial instruments (except FVTOCI) and non-derivative financial assets that do not satisfy the requirements to be measured at amortized cost are initially measured at fair value. Subsequently, they are measured at their fair value, and gains and losses arising from changes in fair value are recognized in profit for the year.
      <u>Financial assets which are measured at fair value through other comprehensive income ("FVTOCI")</u>
        For certain equity financial instruments held primarily for the purpose of enhancing the revenue base by maintaining or strengthening the trade relationship with the investees, the companies at initial recognition measure these instruments at fair value. Subsequently, they are measured at their fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income.
        When financial assets measured at FVTOCI are derecognized, the accumulated other components of equity are directly reclassified to retained earnings without being recognized in profit for the year.

Dividend income received on financial assets measured at FVTOCI is mainly recognized in profit for the year.

ii. Valuation basis and method for inventories

Inventories are measured at the lower of cost and net realizable value. The costs of inventory of items that are not ordinarily interchangeable are assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted-average cost formula. Inventories acquired with the purpose of being sold in the near term to profit from fluctuations in price are measured at fair value less costs to sell, and changes in the fair value less costs to sell are recognized in profit for the year.

iii. Valuation basis, method, depreciation and amortization for property, plant and equipment, investment property and intangible assets

Property, plant and equipment and investment property

Property, plant and equipment and investment property are stated at cost less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment and investment property is computed principally under the straight-line method. Mineral rights are primarily amortized using the unit-of-production method.

Intangible assets

Intangible assets with finite estimated useful lives are stated at cost less accumulated amortization and impairment losses.

Depreciation of intangible assets is computed principally under the straight-line method.

Goodwill and intangible assets with indefinite estimated useful lives are not amortized and are presented at cost less accumulated impairment losses.

Impairment of property, plant and equipment, investment property and intangible assets

Property, plant and equipment, investment property and intangible assets are assessed to determine whether there is any indication of impairment at respective reporting date. If any such indications exist, the recoverable amounts of these assets are estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. Where the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount with impairment loss recognized in profit for the year.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. If any such indications exist, the recoverable amounts of these assets are estimated. A previously recognized impairment loss is reversed as income to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed.

(3) Provisions

Provisions are recognized when the companies have a present obligation (legal or constructive) as a result of a past event, it is probable that outflows of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligations can be made. Provisions are measured as the best estimate of the amount of expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to their present value using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

(4) Employee benefits

The Company and certain subsidiaries have defined benefit pension plans and severance indemnity plans. The costs of defined benefit pension plans and severance indemnity plans are accrued based on amounts determined using actuarial procedures based on the projected unit credit method. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the consolidated statements of financial position. The remeasurements of defined benefit pension plans are recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition. The Company and certain subsidiaries also have defined contribution pension plans. Payments to defined contribution pension plans are recognized as an expense when employees have rendered service.

(5) Derivative instruments and hedging activities

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business. In order to mitigate or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity futures, forwards, options and swap contracts. These derivative instruments hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use derivative instruments and non-derivative financial instruments, such as foreign currency-denominated debt, to hedge foreign currency exposure to net investments in foreign operations. The companies recognize all derivative instruments as an asset or a liability at fair value as at the date on which they become party to the relevant agreement. Subsequent to initial recognition, derivative instruments are measured at fair value with any changes in fair value accounted for as follows:

・ Fair value hedges

Derivative instruments held for the purpose of eliminating the risk of changes in the fair value of hedged items are designated as fair value hedges and subject to the assessment of hedge effectiveness. To the extent that they satisfy the requirements for hedge accounting, the companies include the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments mainly as interest expense.

・ Cash flow hedges

Derivative instruments held for the purpose of offsetting the variability in cash flows of the hedged items are designated as cash flow hedges. To the extent that they are effective, any changes in fair value are recognized in other comprehensive income until cash flows of the hedged item affect gain or loss. The amounts previously recognized in other comprehensive income are reclassified into profit for the year mainly as interest expense and other income (expense)-net when earnings are affected by the hedged items.

・ Hedges of net investments in foreign operations

Foreign currency transaction gain or loss on derivative instruments and non-derivative financial instruments that are designated and effective as hedging instruments to reduce the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within other comprehensive income to the extent they are effective as a hedge. The amounts in other components of equity are reclassified into profit for the year mainly as gain (loss) on securities and other investments-net when the related investment is sold completely or partially, or the liquidation of the investment is completed. The ineffective portion of the hedging instruments' gain or loss and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness are recorded immediately in profit for the year mainly as other income (expenses)-net.

・ Derivative instruments for trading purposes

The Company and certain subsidiaries use derivative instruments for trading purposes within certain position and loss limits. Derivative instruments for trading purposes are measured at fair value and changes in fair value are recorded in profit for the year as other revenue.

(6) Revenues

Revenue from contracts with customers is recognized at the timing of the satisfaction of the performance obligations, based on the 5 step approach (1. Identifying the contract with a customer, 2. Identifying the performance obligations of the contract, 3. Determining the transaction price, 4. Allocating the transaction price to performance obligations in the contract and 5. Recognizing the revenue when the entity satisfied a performance obligation). Upon the identification of the performance obligations of the contract, a consideration of whether an entity is a principal or an agent is made, and if the nature of its promise is a performance obligation to provide the specified goods or services as a principal, the revenue is recognized in the gross amount, and if the nature of its promise is a performance obligation to arrange

for the provision of goods or services by another party, then the revenues received as an agent is recognized in the amount of any fee or commission to which it expects to be entitled or as a net amount.
In regards to the sale of goods including the sale of various products; the sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise; the sales of coal, iron ore, oil and gas; and the development and sale of real estate, the companies recognize revenue based on the transfer, the acceptance of customer or the dispatch of goods for domestic transactions, and recognize revenue when the customer obtains control of goods as a result of the transfer of the risks and rewards, the timing of which is determined by the incoterms for international transactions. For rendering of services including commissions for the performance of various services such as logistic and warehouse services, information and communication services, technical support, and commissions related to various trading transactions, revenue is recognized at the timing of the satisfaction of performance obligations of services identified from the contract or as the performance obligations are satisfied.
For transactions where the performance obligation is satisfied over time, and only if its progress towards complete satisfaction of the performance obligation can be reasonably measured, revenue is recognized by measuring the progress towards complete of satisfaction of the performance obligation. Even though the progress of satisfaction of a performance obligation may not be able to reasonably measured, if the cost incurred in satisfying the performance obligation are expected to be recovered, revenue is recognized only to the extent of the costs incurred until such time that the progress can be reasonably measured.

(7) Foreign currency translation
The assets and liabilities of foreign subsidiaries and equity accounted investees are translated into Japanese yen using the spot exchange rate at the respective reporting date. All income and expense accounts are translated into Japanese yen using average rates of exchange for the respective reporting period. The resulting translation adjustments are recognized in other components of equity.
Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of transactions. At the end of each reporting period, monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the reporting date and exchange differences arising from translation are recognized in profit for the year. Non-monetary items measured at historical cost denominated in foreign currencies are translated using the spot exchange rate at the date of transaction.

(8) All transactions are accounted for net of national and/or regional consumption taxes.

Changes in Accounting Policies

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

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

IFRS 16 “Leases”
In adopting IFRS 16, the companies recognized lease liabilities in relation to leases as a lessee, which had previously been classified as operating leases under the principles of IAS 17 “Leases”. These liabilities are measured at the present value discounted using the group’s incremental borrowing rate as of April 1, 2019, and are presented as “long-term debt” (including current portion). The 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.
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 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.

Changes in Accounting Estimates

The significant changes in accounting estimates in the 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 the Company’s 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 Consolidated Statements of Income, a loss allowance of ¥12,224 million (Mineral & Metal Resources ¥9,779 million, Machinery & Infrastructure ¥2,445 million) is recorded in “Selling, general and administrative expenses”. In addition, impairment losses for investments accounted for using the equity method of ¥6,322 million (Mineral & Metal Resources ¥5,058 million, Machinery & Infrastructure ¥1,264 million) and ¥3,537 million (Mineral & Metal Resources ¥2,830 million, Machinery & Infrastructure ¥707 million) are recorded in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” and “Gain (loss) on securities and other investments－net”, respectively.

(Impairment losses for the oil & gas development business)
Mitsui E&P Australia Pty Ltd, a subsidiary in the Energy Segment engaged in the oil development of offshore Western Australia, recognized an impairment loss of ¥31,209 million in “Impairment loss of fixed assets” by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥46,575 million.

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 ¥23,382 million in “Impairment loss of fixed assets” by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥20,972 million.

Mitsui E&P Italia A S.r.l., a subsidiary in the Energy Segment engaged in the onshore oil development in the Basilicata region in Italy, recognized an impairment loss of goodwill of ¥13,939 million in “Impairment loss of fixed assets” by reducing the carrying amount of the goodwill and production equipment and others to the recoverable amount of ¥184,793 million.

These impairment losses were mainly related to a decline in the crude oil and natural gas prices. The recoverable amounts above represented the value in use calculated from discounted future cash flow. Future cash flow is estimated taking into consideration future recovery of crude oil and natural gas prices which has declined towards end of fiscal year. Upon projecting timing of reaching supply-demand balance, influence of COVID-19 outbreak and OPEC Plus's failure to agree on production cuts are considered together with quotation prices of the future market.

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.

(Impairment loss for the agricultural producing business)
XING AGRI AG, a subsidiary in the Lifestyle Segment, recognized an impairment loss of ¥14,021 million in "Impairment loss of fixed assets" by reducing the carrying amount of the farmland and others to the recoverable amount of ¥49,974 million.
The impairment loss was mainly related to a change in the foreign exchange rate. The recoverable amount above represented the fair value less costs of disposal, which is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the assets being valued, and the fair value is classified as level 3.

Notes to Consolidated Statements of Financial Position

1. Pledged assets and related liabilities
 (1) Assets pledged as collateral ¥ 571,808 million
 The following assets are pledged as collateral for certain short-term debt, long-term debt, and guarantee of contracts, etc:

Cash and deposits	¥ 82,462 million
Trade and other receivables (current and non-current)	¥ 19,839 million
Investments	¥ 393,834 million
Property, plant and equipment (after deducting accumulated depreciation and impairment losses)	¥ 75,491 million
Other	¥ 182 million

 (2) Liabilities related to the assets pledged as collateral ¥ 99,849 million

2. Loss allowance for doubtful receivables directly deducted from trade and other receivables

(current and non-current)	¥ 76,511 million
(current)	¥ 15,693 million
(non-current)	¥ 60,818 million

3. Accumulated depreciation and impairment losses of property, plant and equipment ¥ 2,222,179 million

4. Accumulated depreciation and impairment losses of investment property ¥ 54,076 million

5. Accumulated depreciation and impairment losses of intangible assets ¥ 228,144 million

6. Contingent liabilities
 (Guarantees)
 The table below summarizes the maximum potential amount of future payments of the companies' guarantees as of March 31, 2020.

Financial Guarantees	¥ 1,196,693 million
Performance Guarantees	¥ 104,422 million

The maximum potential amounts of future payments of the companies' guarantees bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.
The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, or operating results of the companies is remote at March 31, 2020.

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

Notes to Consolidated Statements of Changes in Equity

1. Number of common stock issued as of March 31, 2020
    1,742,684,906 shares
    35,184,567 shares of the Company's treasury stock (including shares held by associated companies) are included in the number of common stock issued.

2. Dividends from capital surplus and/or retained earnings
  (1) Amount of dividends paid

Resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 20, 2019	¥69,524	¥40	March 31, 2019	June 21, 2019
Board of Directors' meeting held on October 30, 2019	¥69,547	¥40	September 30, 2019	December 3, 2019

  (2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year.
    The following resolution on dividends on common stock has been proposed on the agenda of the ordinary general meeting of shareholders to be held on June 19, 2020.

① Total amount of dividends (Millions of yen)	¥68,301
② Dividends per share (Yen)	¥40
③ Record date	March 31, 2020
④ Effective date	June 22, 2020

    The dividends will be paid from retained earnings.

3. The type and number of shares to be issued upon the exercise of stock acquisition rights as of March 31, 2020 (except for those shares whose first date of exercise period has not passed).
    316,100 shares

Financial Instruments

1. General information
    The companies' basic funding policy is to secure liquidity required for their smooth operations and to maintain the strength and soundness of the statement of financial position. In order to achieve their objectives, their principal strategy is to obtain long-term funds from financial institutions and through the issuance of corporate bonds. In addition, the companies hold sufficient cash and highly-liquid short-term financial instruments in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effect of the deteriorated financial market on future debt-service requirements.

    Credit risk associated with notes and accounts receivable is managed through approvals of credit lines by management and monitoring counterpartys' operations continuously.
    Other investments mainly consisting of financial assets measured at FVTOCI and FVTPL are measured at fair value on a quarterly basis.
    The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business. In order to offset or reduce these risks, the companies use various derivative instruments.

    The companies have strictly separated the trading sections from the sections that record the results and positions of derivative instruments. Executive officers in charge of risk management assess derivative instruments and the market risks surrounding these instruments, and establish the companies' risk management policy, based on comprehensive evaluation and analysis periodically reported from independent risk management sections.

2. Fair value of financial instruments

The following table presents the carrying amount and fair value of financial instruments included within the Consolidated Statement of Financial Position as of March 31, 2020. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts are approximately the same as its fair values reasonably.

(Unit: Millions of Yen)

	March 31, 2020		
	Carrying amount	Fair value	Difference
Financial Assets			
Non-current Assets			
Other investments (*)	1,484,422	1,484,870	448
Trade and other receivables and Other financial assets (*)	608,433	608,433	0
Financial Liabilities			
Non-current Liabilities			
Long-term debt, less current portion and Other financial liabilities (*)	4,334,497	4,399,197	64,700

(*)The Other investments include financial assets measured at amortized cost.
The fair values of Other financial assets and Other financial liabilities approximate their respective carrying amounts.
Trade and other receivables include loans receivable. Long-term debt, less current portion includes borrowings and bonds.
Derivative assets and derivative liabilities are included in current and non-current Other financial assets and Other financial liabilities, respectively. These are measured at fair value and their carrying amounts are ¥ 501,651 million and ¥ 359,471 million, respectively.

(1) Other investments

Publicly-traded other investments are measured using quoted market prices. Non-marketable other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. Regarding non-marketable other investments, the carrying amount of the investments in LNG projects decreased by ¥104,095 million, mainly due to the change of future oil price forecast for the year ended March 31, 2020.

(2) Trade and other receivables and Long-term debt, less current portion

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rates and long-term debt with fixed rates are estimated by discounted cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.

(3) Other financial assets and liabilities

Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements. Exchange-traded derivative commodity instruments are measured using quoted market prices. Certain derivative commodity instruments are measured using the quoted prices obtained from the market, financial information providers, and brokers.

Notes to Investment Property

1. Status of investment property
   The Company and certain subsidiaries own rental office buildings and rental commercial facilities in Tokyo and other areas.

2. Fair value of investment property
   The carrying amount of investment property as of March 31, 2020 was ¥251,838 million and fair value of investment property was ¥489,049 million.

   The carrying amount of investment property is measured at cost less any accumulated depreciation and accumulated impairment losses. The fair value of investment property as of March 31, 2020 is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the investment property being valued, and have the appropriate and recognized professional qualifications (such as a registered appraiser). The valuation is based on inputs such as estimated rents and discount rates using primarily the income approach and conforms to the standards of the country where the investment property is located.

Per Share Information

Equity attributable to owners of the parent per share	¥ 2,235.83
Basic earnings per share attributable to owners of the parent	¥ 226.13
Diluted earnings per share attributable to owners of the parent	¥ 225.98

Subsequent Events

There are no material subsequent events to be disclosed.

Other matters

(The Fire Incident of Intercontinental Terminals Company LLC)
In the year ended March 31, 2019, 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 partially damaged tanks owned by ITC.
In the year ended March 31, 2020, 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.
Relating to this incident, ITC has recognized a loss of ¥20,600 million in the year ended March 31, 2019. The costs included those for firefighting and clean-up activities that occurred during the previous fiscal year and reasonably estimated amount based on a certain assumption, deducting the insurance amount that is virtually certain to be paid to ITC. The outstanding balance of provision is ¥14,924 million as of March 31, 2019. Most of the related costs have been paid out in the year ended March 31, 2020, and the outstanding balance of provision as of March 31, 2020 is immaterial. Further, although ITC recognized additional costs related to this incident in the year ended March 31, 2020, together with insurance benefits that were also recognized, the net amount is immaterial.
The provision related to this incident is presented in the "Provisions" of the Consolidated Statements of Financial Position, the income and losses are presented in "Other income (expense)" of Consolidated Statements of Income and in "Profit for the Year Attributable to Owners of the Parent" in the Chemicals Segment of the Segment Information section.

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.

Non-Consolidated Financial Statements

Statements of Changes in Equity

Year ended March 31, 2020

(Millions of Yen)

	Shareholders' Equity							
		Capital Surplus		Retained Earnings				
					Other Retained Earnings			
	Common Stock	Capital Reserve	Total Capital Surplus	Legal Reserve	General Reserve	Special Reserve	Retained Earnings - Carry Forward	Total Retained Earnings
Balance at beginning of current year	341,481	367,758	367,758	27,745	176,851	1,619	907,467	1,113,684
Changes of items during the year								
Cash dividends							(139,071)	(139,071)
Net Income							383,393	383,393
Acquisition of treasury stock								
Disposal of treasury stock							(363)	(363)
Compensation costs related to stock options								
Compensation costs related to share performance-linked restricted stock	293	293	293					
Net changes during the year of items in valuation and translation adjustments								
Total changes of items during the year	293	293	293	–	–	–	243,958	243,958
Balance at end of current year	341,775	368,052	368,052	27,745	176,851	1,619	1,151,426	1,357,643

	Shareholders' Equity		Valuation and Translation Adjustments				
	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments	Share Subscription Rights	Total Equity
Balance at beginning of current year	(7,553)	1,815,370	342,256	(107,887)	234,369	857	2,050,597
Changes of items during the year							
Cash dividends		(139,071)					(139,071)
Net Income		383,393					383,393
Acquisition of treasury stock	(57,953)	(57,953)					(57,953)
Disposal of treasury stock	529	166				(166)	0
Compensation costs related to stock options						22	22
Compensation costs related to share performance-linked restricted stock		587					587
Net changes during the year of items in valuation and translation adjustments			(268,332)	37,146	(231,186)		(231,186)
Total changes of items during the year	(57,423)	187,122	(268,332)	37,146	(231,186)	(143)	(44,206)
Balance at end of current year	(64,977)	2,002,493	73,924	(70,741)	3,183	714	2,006,390

Year ended March 31, 2019 (Supplementary Information)

(Millions of Yen)

	Shareholders' Equity							
		Capital Surplus		Retained Earnings				
					Other Retained Earnings			
	Common Stock	Capital Reserve	Total Capital Surplus	Legal Reserve	General Reserve	Special Reserve	Retained Earnings - Carry Forward	Total Retained Earnings
Balance at beginning of current year	341,481	367,758	367,758	27,745	176,851	1,619	923,202	1,129,419
Changes of items during the year								
Cash dividends							(139,038)	(139,038)
Net Income							219,977	219,977
Acquisition of treasury stock								
Disposal of treasury stock							(207)	(207)
Cancellation of treasury stock							(96,467)	(96,467)
Compensation costs related to stock options								
Net changes during the year of items in valuation and translation adjustments								
Total changes of items during the year	–	–	–	–	–	–	(15,735)	(15,735)
Balance at end of current year	341,481	367,758	367,758	27,745	176,851	1,619	907,467	1,113,684

	Shareholders' Equity		Valuation and Translation Adjustments			Share Subscription Rights	Total Equity
	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gains on Available-for-Sale Securities	Deferred Losses on Derivatives under Hedge Accounting	Total Valuation and Translation Adjustments		
Balance at beginning of current year	(104,363)	1,734,295	338,451	(89,927)	248,524	777	1,983,597
Changes of items during the year							
Cash dividends		(139,038)					(139,038)
Net Income		219,977					219,977
Acquisition of treasury stock	(16)	(16)					(16)
Disposal of treasury stock	359	151				(151)	0
Cancellation of treasury stock	96,467	–					–
Compensation costs related to stock options						231	231
Net changes during the year of items in valuation and translation adjustments			3,805	(17,960)	(14,155)		(14,155)
Total changes of items during the year	96,809	81,074	3,805	(17,960)	(14,155)	79	66,999
Balance at end of current year	(7,553)	1,815,370	342,256	(107,887)	234,369	857	2,050,597

Notes to Non-Consolidated Financial Statements (Year ended March 31, 2020)

Significant Accounting Policies

1. Securities are classified and accounted for as follows:
   Trading securities, whose costs of sales are determined by the moving-average method, are stated at market value. Held-to-maturity debt securities are stated at amortized cost, determined by the straight-line method. Investments in subsidiaries and associated companies are stated at cost, determined by the moving-average method.
   Marketable available-for-sale securities, whose costs of sales are determined by the moving-average method, are reported at market value at year-end, with unrealized gains and losses reported in a separate component of equity.
   Non-marketable available-for-sale securities are stated at cost, determined by the moving-average method.
   Except for trading securities, those securities whose market value or equity in net assets is materially lower than carrying value on and around the balance sheet date are devaluated after determining whether the value could be recoverable.

2. Derivatives are stated at fair value.

3. Inventories are stated at cost. Cost is determined principally by the specific identification method and, for certain items, by the moving-average method or the first-in, first-out method. The balance sheet amount is calculated by reducing book value when the contribution of inventories to profitability declines. Inventories for trading purpose are stated at market value.

4. Depreciation of tangible fixed assets is computed using the declining-balance method. Depreciation of buildings (excluding equipment and fixtures) acquired on or after April 1, 1998 and depreciation of equipment and fixtures and structures acquired on or after April 1, 2016, are computed using the straight-line method. The estimated useful lives for the majority of tangible fixed assets are as follows: Leased-out Property: 5-50 years; Buildings and Structures: 2-50 years.
   Depreciation of intangible fixed assets is computed using the straight-line method. Software for the Company's own use is amortized based on the straight-line method over the period it can be used (five years mainly).

   Leased assets are included in their fixed asset category and are depreciated using the straight-line method over the lease period.

5. To provide for possible losses on collection, the allowance for doubtful receivables that is set aside for receivables in general is computed using the actual ratio of bad debts. For certain receivables, the amount deemed unrecoverable is set aside in the allowance on an individual basis.

   The liability for retirement benefits is recorded based on projected benefit obligations and plan assets at the balance sheet date of the Corporate Pension Fund plan and other retirement benefit plans. Estimated retirement benefits are attributed to periods of service under the plan's benefit formula. Unrecognized prior service cost is amortized over seven years from the date of the revision of the pension plan, which is shorter than the average remaining service period of employees. The unrecognized actuarial gain or loss that arose in the current year is amortized over seven years starting with the following fiscal year, which is shorter than the average remaining service period of employees.
   The difference between projected benefit obligations, after deducting the portion corresponding to unrecognized actuarial gain or loss and unrecognized prior service cost, and plan assets is recorded as the liability for retirement benefits or long-term prepaid expense ("Other" of "Investments and other assets") in the balance sheet.

   To provide for contingent losses on the obligation for guarantees and commitments to subsidiaries and others, a certain amount is set aside as deemed necessary, considering the financial condition of the primary obligor.

6. Receivables and Payables denominated in foreign currencies are translated into Japanese yen at year-end exchange rates on the balance sheet date. The foreign exchange gains and losses from translation are

recognized in the income statement.

7. For derivatives which meet hedge accounting criteria, except for available-for-sale securities, gains or losses on derivatives are deferred until realization of the hedged items. For derivatives which meet hedge accounting criteria for available-for-sale securities, fair value hedge accounting is applied. Foreign currency forward exchange contracts to hedge monetary assets and liabilities denominated in foreign currencies are stated at fair value and accounted for under the principle method of the Accounting Standards for Financial Instruments. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not re-measured at market value, but the differential paid or received under the swap agreements is recognized on an accrual basis and included in interest expense or income.

   The Company enters into derivative financial instrument transactions such as foreign exchange forward contracts and foreign currency borrowings to hedge foreign exchange risk associated with monetary assets and liabilities denominated in foreign currencies, net investments in foreign operations and forward contracts of trade. The Company also enters into derivative financial instrument transactions such as interest rate swap to hedge interest rate risk in the course of business activities. As for market risk, the Company enters into derivative financial instrument transactions such as commodity future, forward to hedge market risk of commodities and trading contracts.

   Apart from trading transaction risks, market volatility risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business are hedged using derivative financial instruments and foreign currency borrowings, considering the specific risk characteristics based on internal risk control policies.

   The effectiveness between the hedging instruments and the hedged items is evaluated considering individual transaction characteristics.

8. All transactions are accounted for net of national and/or regional consumption taxes.
   The consolidated taxation system has been applied.

Notes to Balance Sheets

1. Pledged assets and related liabilities

(Unit: Millions of Yen)

Assets pledged as collateral		Details		
Type	Book Value at End of Period	For Long-Term Borrowings (Note 1)	As Security for Trading Contracts	For Guarantees
Accounts receivable, trade	¥160	¥160	–	–
Investments in Securities, Investments and ownership in subsidiaries and associated companies	¥155,888	–	¥2,165	¥153,723
Others(Note 3)	¥23,213	–	¥23,213	–
Total	¥179,261	¥160	¥25,378	¥153,723

Note 1: Corresponds to the long-term borrowings secured of ¥54 million.
Note 2: In addition to the above, bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, immediately to provide collateral, which is not specified in the loan agreements, were ¥166,349 million.
Note 3: Security deposits and guarantee deposits related to business and derivative transactions are mainly included.

2. Monetary assets held as collateral from others, for which the Company has free disposal rights:
   ¥3,935 million

3. Accumulated depreciation of tangible assets: ¥36,934 million

4. Accumulated depreciation of intangible assets: ¥12,259 million

5. Contingent liabilities

(1) Guarantees

(Unit: Millions of Yen)

The guaranteed	Amount of guarantee (Note 1)
1. Guarantees related to trading partner bank borrowings, trade payables and other	
Mitsui & Co. Cameron LNG Sales, LLC	¥795,405
Oriente Copper Netherlands B.V.	195,534
Japan Arctic LNG B.V.	155,420
Cameron LNG, LLC	138,584
Mitsui & Co. Energy Trading Singapore Pte. Ltd.	135,568
Mitsui E&P Italia A S.r.l.	76,131
Lepta Shipping Co., Ltd.	58,754
Mitsui Bussan Commodities Ltd.	58,560
Corredor Logistico Integrado de Nacala S.A.	58,359
PHC Holdings Corporation	54,143
Other-235 companies	1,493,311
Sub-total (Note 2)	3,219,773
2. Guarantees related to bank borrowings of overseas trading subsidiaries	
Mitsui & Co. (Middle East) B.S.C.(c)	340,903
Mitsui & Co. Norway AS.	17,902
Other-10 overseas trading subsidiaries	6,799
Sub-total	365,605
Grand total	¥3,585,379

Note 1: For joint guarantee agreements with two or more guarantors or guarantee agreements with re-guarantees by other companies, the amounts presented above only include the portion which the Company bears under such agreements.

Note 2: Pledged investments and other letters similar to guarantees amounting to ¥153,813 million are included.

Note 3: Presented above are mainly subsidiaries and associated companies whose guarantee fee amounts and their payment conditions have been determined individually considering their business substance.

(2) Notes receivable discounted amount to ¥45,781 million

Export bills of exchange under letters of credit, discounted at intermediary banks but not yet paid by the banks extending the letters of credit, of ¥41,464 million are included in notes receivable discounted.

6. Receivables from and payables to subsidiaries and associated companies:

Short-term receivables: ¥469,324 million Long-term receivables: ¥235,747 million

Short-term payables: ¥433,631 million Long-term payables: ¥12,790 million

Notes to Statements of Income

1. Transactions with subsidiaries and associated companies:

Sales:	¥794,629 million
Purchases:	¥622,720 million
Other non-operating transactions:	¥547,130 million

2. Gain on sales of investments in securities and subsidiaries and associated companies
   "Gain on sales of investments in securities and subsidiaries and associated companies" of ¥ 76,996 million for the year ended March 31, 2020 mainly consists of below.

   Recruit Holdings Co., Ltd.: ¥ 41,978 million

3. Loss on write-down of investments in securities and subsidiaries and associated companies
   "Loss on write-down of investments in securities and subsidiaries and associated companies" of ¥ 56,300 million for the year ended March 31, 2020 mainly consists of below.

   LNG business in Qatar: ¥ 22,068 million

Note to Statements of Changes in Equity

Number of treasury stock as of March 31, 2020
Common stock 35,154,469 shares

Tax-Effect Accounting

The principal items, which comprise deferred tax assets and deferred tax liabilities, were as follows:

(Unit: Millions of Yen)

Deferred tax assets	
Allowance for doubtful receivables	¥ 21,270
Allowances for the obligation for guarantees and commitments	8,672
Investments in securities, subsidiaries and associated companies	277,577
Impairment loss of fixed assets	5,725
Accrued bonuses	8,806
Deferred losses on derivatives under hedge accounting	21,930
Loss carryforwards (Note)	85,278
Others	9,683
Subtotal deferred tax assets	438,941
Valuation allowance	(438,941)
Total deferred tax assets	–
Deferred tax liabilities	
Net unrealized gains on available-for-sale securities	52,188
Pension and severance costs	8,178
Others	67
Total deferred tax liabilities	60,433
Net deferred tax liabilities	¥ 60,433

Note: ¥57,428 million of deferred tax assets arising from loss carryforwards will expire within 5 years and ¥27,850 million will expire after 5 to 10 years.

Transactions with Related Parties

Company Name: Mitsui & Co. Real Estate Ltd.
Relationship: Subsidiary
Ownership of Voting Shares: 100% direct ownership
Relationship with Related Parties: Dispatching directors and providing finance
Transaction Content: Loans
Transaction Amount: ¥71,240 million
Amounts as of the current fiscal year-end: Short-term loans receivable ¥3,862 million, Long-term loans receivable ¥40,000 million
Transaction Conditions and Transaction Policy: Financing condition is determined considering market interest rates.

Company Name: Mitsui Oil Exploration Co., Ltd.
Relationship: Subsidiary
Ownership of Voting Shares: 74.261% direct ownership
Relationship with Related Parties: Dispatching directors and deposits received
Transaction Content: Deposits received
Transaction Amount: ¥209,335 million
Amounts as of the current fiscal year-end: ¥257,675 million
Transaction Conditions and Transaction Policy: Financing condition is determined considering market interest rates.

Company Name: Paiton Power Investment Co., Ltd.
Relationship: Subsidiary
Ownership of Voting Shares: 100% direct ownership
Relationship with Related Parties: Dispatching directors and deposits received
Transaction Content: Deposits received
Transaction Amount: ¥72,158 million
Amounts as of the current fiscal year-end: ¥31,161 million
Transaction Conditions and Transaction Policy: Financing condition is determined considering market interest rates.

Company Name: MBK HEALTHCARE MANAGEMENT PTE. LTD.
Relationship: Subsidiary
Ownership of Voting Shares: 100% direct ownership
Relationship with Related Parties: Dispatching directors
Transaction Content: Transferring securities as contribution in kind
Transaction Amount: ¥303,019 million
Transaction Conditions and Transaction Policy: The Company transferred the stocks of IHH Healthcare Berhad to this company as contribution in kind. The value of securities in IHH Healthcare Berhad is determined based on the latest book value of the securities in the Company.

Per Share Information

Equity per share	¥	1,175.02
Basic earnings per share	¥	221.43
Diluted earnings per share	¥	221.30