MITSUI & CO. (AUSTRALIA) LTD.

FINANCIAL REPORT 2011

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

CORPORATE MISSION, VISION AND VALUES

Over a period of many years, Mitsui has developed a set of values including challenge and innovation, freedom and open-mindedness, and nurturing human resources – all of which have helped shape the Mitsui of today. In August of 2004, these concepts were redefined as Mitsui's Mission, Vision and Values (MVV). We strive to retain a strong awareness of our MVV at all levels of the Company and ensure these values are reflected in the activities of every person in the organization.

MISSION

Strive to contribute to the creation of a future where the aspirations of the people can be fulfilled.

VISION

Aim to become a global business enabler that can meet the needs of our customers throughout the world.

VALUES

Build trust with fairness and humility.

Aspire to set high standards and to contribute to society.

Embrace the challenge of continuous innovation.

Foster a culture of open-mindedness.

Strive to develop others and oneself to achieve full potential.

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ANNUAL FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

Over the past year we have seen a steady and mild recovery in the global economy. Although growth in many advanced economies remains sluggish, China, India, and other emerging economies continue to perform soundly, recording strong levels of economic growth feeding into higher demand and prices for commodities.

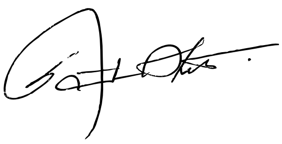
For the financial year ending March 2011, Mitsui Australia posted a consolidated after tax profit of $501 million, representing a 106% increase on the previous year. The strong result is mostly attributable to increased sales prices, sales volumes, and profits from Mitsui Australia's associated entities in the coal and iron ore industries. This helped boost the Company's share of profits from its associated entities by 113% to $497.5 million this year.

In the year ahead the global economic recovery is expected to continue, albeit at different speeds across regions, and emerging economies are again expected to lead the way. While on balance the outlook remains positive we will continue to be alert to downside risks stemming from weak sovereign balance sheets of certain European nations, political and social tensions in the Middle East and North Africa, and signs of overheating in certain emerging economies.

Mitsui's long-term global business strategies are framed around structural changes to the world economy. We believe the key drivers of change over the coming decades will be world population growth, expansion of emerging economies, and the proliferation of urban living. We expect this will continue to fuel demand for a variety of commodities, goods, and services necessary to sustain basic lifestyle needs. At the same time we recognise the environment will face a greater burden which will make recycling, energy savings, and the uptake of renewable energy all the more important in the future.

In the year ahead Mitsui Australia will work to expand existing projects and acquire interest in new projects in the minerals and energy resources sectors. In an effort to expand and diversify our portfolio we will seek out new investment opportunities in forestry, agribusiness, and infrastructure. Leveraging our network of offices throughout Asia we will work to open new marketing channels for Australian commodities in growing Asian economies. We will also put increased efforts into seeking out investment opportunities in renewable energy sources such as wind, solar, biomass, and biodiesel.

Remaining true to our Company's spirit of challenge and innovation, freedom and open-mindedness, and nurturing human resources, we will work hard to develop new business and create new value, while striving to build a stronger, more distinctive and respected Mitsui.



DAISABURO AKITA
CHAIRMAN AND MANAGING DIRECTOR
29 July 2011

DIRECTORS' REPORT

The directors of Mitsui & Co. (Australia) Ltd., submit herewith the financial report of the consolidated entity for the financial year ended 31 March 2011. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the company during or since the end of the financial year are:

Mr D Akita

Director since 1 April 2010. Joined Mitsui Group in 1976. Currently Managing Director, Mitsui & Co. (Australia) Ltd. Previously Deputy Chief Operating Officer, Basic Chemicals Business Unit, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Keio University, Japan, majoring in Law and Political Science.

Mr A Oi

Director since 1 April 2008 until his resignation on 1 April 2010. Joined Mitsui Group in 2007. Most recently Managing Director, Mitsui & Co. (Australia) Ltd. Previously Counsellor, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Hitotsubashi University, Japan, majoring in Economics.

Mr M Saito

Director since 6 July 2011. Joined Mitsui Group in 1980. Currently Deputy Managing Director, Mitsui & Co. (Australia) Ltd and General Manager of Melbourne Office, Mitsui & Co. (Australia) Ltd. Previously General Manager, Nuclear Fuel Division, Energy Business Unit I, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Hitotsubashi University, Japan, majoring in Economics.

Mr T Nakada

Director since 15 June 2007 until his resignation on 6 July 2011. Joined Mitsui Group in 1977. Most recently Deputy Managing Director, Mitsui & Co. (Australia) Ltd and General Manager of Melbourne Office, Mitsui & Co. (Australia) Ltd. Previously General Manager, Stainless Raw Materials & New Metals Division, Mineral & Metal Resources Business Unit, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Hitotsubashi University, Japan, majoring in Law.

Mr K Ota

Director since 10 June 2011. Joined Mitsui Group in 1987. Currently General Manager, Financial Management Division, Mitsui & Co. (Australia) Ltd. Previously, Deputy General Manager, Investment Management Department, Planning and Administration Division, Consumer Service Business Unit, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Keio University, Japan, majoring in Economics.

Mr H Mukaeda

Director since 6 June 2008 until his resignation on 10 June 2011. Joined Mitsui Group in 1982. Most recently General Manager, Financial Management Division, Mitsui & Co. (Australia) Ltd. Previously, General Manager, Chemical Business Process Control Department/ Planning and Administration Department, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Yokohama National University, Japan, majoring in Faculty of Business Administration.

Mr T Kubota

Director since 27 January 2010. Joined Mitsui Group in 1987. Currently General Manager, Corporate Planning Division, Mitsui & Co. (Australia) Ltd. Previously, General Manager, Mineral and Metal Resources Business Unit, Non Ferrous Raw Materials First Division, Base Metals Marketing Department, Mitsui & Co. Ltd, Head Office, Japan. Graduated from Tokyo University, Japan, majoring in Economics.

DIRECTORS' REPORT

CONTINUED

PRINCIPAL ACTIVITIES OF THE CONSOLIDATED ENTITY

The consolidated entity's principal activities in the course of the financial year were exporting, importing, investing in resource entities, and the provision of finance to related bodies corporate. There was no significant change in the nature of these activities during the financial year.

DIVIDENDS

The amounts paid or declared by way of dividend by the company since the start of the financial year were:

In respect of the financial year ended 31 March 2010, a dividend amounting to $82,000,000 fully franked at 30% with $32,000,000 paid on 30 November 2009 and $50,000,000 paid on 30 June 2010.

In respect of the financial year ended 31 March 2011, a dividend amounting to $260,000,000 fully franked at 30% paid on 23 March 2011.

RESULTS

A summary of consolidated results is set out below:

	2011 $'000	2010 $'000
Total Revenue	**865,976**	**1,072,364**
Profit from ordinary activities before income tax expense	503,364	248,353
Income tax expense relating to ordinary activities	(2,364)	(5,454)
Net profit attributable to members of the parent entity	**501,000**	**242,899**

REVIEW OF OPERATIONS

The consolidated entity recorded a 106% increase in profit after tax compared to the previous year. In particular, the consolidated entity's share of profits of associated entities was up by 113% from $233.7million last year to $497.5million this year due to increased sales prices, sales volumes, and profits of associated entities in the coal and iron ore industries. The consolidated entity's sales revenue was down by 32.6% and gross profit by 52.5% compared to the previous year, due to reductions in income from energy, coal and iron ore trade.

CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been included in this report.

ENVIRONMENTAL REGULATIONS

The consolidated entity is not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 6 of the financial report.

ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in this directors' report and in the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

DAISABURO AKITA
Director

Sydney, 29 July 2011

INDEPENDENCE DECLARATION TO THE DIRECTORS OF MITSUI & CO. (AUSTRALIA) LTD

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Mitsui & Co. (Australia) Ltd
Level 46, Gateway Building
1 Macquarie Place
Sydney NSW 2000

29 July 2011

Dear Board Members

Mitsui & Co. (Australia) Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Mitsui & Co. (Australia) Ltd.

As lead audit partner for the audit of the financial statements of Mitsui & Co. (Australia) Ltd for the financial year ended 31 March 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Dreyer

Margaret Dreyer
Partner

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITSUI & CO. (AUSTRALIA) LTD

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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We have audited the accompanying financial report, being a special purpose financial report, of Mitsui & Co. (Australia) Ltd, which comprises the balance sheet as at 31 March 2011, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 36.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITSUI & CO. (AUSTRALIA) LTD

CONTINUED

AUDITOR'S INDEPENDENCE DECLARATION

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mitsui & Co. (Australia) Ltd would be in the same terms if given to the directors as at the time of this auditor's report.

OPINION

In our opinion, the financial report of Mitsui & Co. (Australia) Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2011 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Dreyer

Margaret Dreyer
Partner
Chartered Accountants
Sydney, 29 July 2011

DIRECTORS' DECLARATION

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Daisaburo Akita
Director

Sydney, 29 July 2011

ANNUAL FINANCIAL STATEMENTS AND NOTES THERETO FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

		Consolidated		Company	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Sales revenue	2(a)	640,323	950,153	640,323	950,153
Cost of goods and services sold		(622,530)	(912,729)	(622,530)	(912,729)
Gross profit		17,793	37,424	17,793	37,424
Dividend income	2(a)	–	247	319,114	77,349
Other revenue	2(a)	225,653	121,964	116,699	59,938
Share of profits of associates accounted for using the equity method	9	497,515	233,685	–	–
Selling, general and administrative expenses		(33,798)	(28,359)	(33,461)	(27,618)
Borrowing costs	2(b)	(203,154)	(109,010)	(98,372)	(54,918)
Other net expenses		(645)	(7,598)	(533)	(7,515)
Profit before income tax expense		503,364	248,353	321,240	84,660
Income tax expense	3	(2,364)	(5,454)	(818)	(2,682)
Profit attributable to members of the parent entity		501,000	242,899	320,422	81,978
Other comprehensive income					
Share of associates increase/(decrease) in asset revaluation reserve net of tax	27	275	(1,098)	–	–
Value gain on available-for-sale investments taken to equity	27	–	17	–	17
Transfer of available-for-sale reserve to profit and loss on sale of investment	27	(79)	(1,894)	(79)	(1,894)
Share of associates (decrease)/increase in hedging reserve net of tax	27	(2,713)	6,805	–	–
Deferred exchange loss taken to equity	27	(547)	–	(547)	–
Value loss on cash flow hedges taken to equity	27	(1,197)	(579)	(1,197)	(579)
Deferred income tax relating to components of comprehensive income	27	484	723	484	723
Other comprehensive (loss)/income for the year (net of tax)		(3,777)	3,974	(1,339)	(1,733)
Total comprehensive income for the year		**497,223**	**246,873**	**319,083**	**80,245**

Notes to the financial statements are included on pages 15 to 36.

BALANCE SHEET

AS AT 31 MARCH 2011

		Consolidated		Company	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current assets					
Cash and cash equivalents		741,086	474,260	329,258	347,734
Trade and other receivables	5	477,326	253,938	460,106	247,002
Investments accounted for using the equity method	9	–	105	–	–
Other financial assets	6	731,146	1,074,801	136,810	412,991
Inventories	7	24,668	39,113	24,668	39,113
Other	8	1,032	347	1,019	291
Total current assets		1,975,258	1,842,564	951,861	1,047,131
Non-current assets					
Investments accounted for using the equity method	9	1,333,754	1,149,316	–	–
Other financial assets	10	510,207	539,558	626,966	600,338
Property, plant and equipment	11	6,431	7,180	6,309	7,039
Goodwill	12	5,676	5,676	–	–
Other intangible assets	13	7,644	6,071	–	–
Deferred tax assets	14	20,059	33,914	18,768	27,711
Total non-current assets		1,883,771	1,741,715	652,043	635,088
Total assets		3,859,029	3,584,279	1,603,904	1,682,219
Current liabilities					
Trade and other payables	15	282,214	234,274	258,857	225,949
Borrowings	16	1,456,645	1,653,420	282,869	602,371
Other financial liabilities	17	38,031	13,703	29,882	13,703
Current tax payable	18	273,062	82,284	273,062	82,284
Provisions	19	858	50,831	858	50,831
Other	20	1,067	201	1,067	201
Total current liabilities		2,051,877	2,034,713	846,595	975,339
Non-current liabilities					
Borrowings	21	317,206	260,000	344,175	312,170
Other financial liabilities	22	31,950	64,176	17,762	52,312
Deferred tax liabilities	23	18,676	23,090	15,055	20,961
Provisions	24	5,166	5,103	864	801
Other	25	991	1,257	991	1,257
Total non-current liabilities		373,989	353,626	378,847	387,501
Total liabilities		2,425,866	2,388,339	1,225,442	1,362,840
Net assets		**1,433,163**	**1,195,940**	**378,462**	**319,379**
Equity					
Issued capital	26	20,000	20,000	20,000	20,000
Reserves	27	308	4,085	94,079	95,418
Retained earnings	28	1,412,855	1,171,855	264,383	203,961
Total equity		**1,433,163**	**1,195,940**	**378,462**	**319,379**

Notes to the financial statements are included on pages 15 to 36.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Share capital $'000	Asset revaluation reserve $'000	Available-for-sale reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Consolidated						
Balance at 1 April 2009	20,000	(1,192)	1,372	(69)	1,010,956	1,031,067
Profit for the year	–	–	–	–	242,899	242,899
Other comprehensive income for the year	–	(1,098)	(1,309)	6,381	–	3,974
Total comprehensive income for the year	–	(1,098)	(1,309)	6,381	242,899	246,873
Payment of dividends	–	–	–	–	(82,000)	(82,000)
Balance at 31 March 2010	20,000	(2,290)	63	6,312	1,171,855	1,195,940
Balance at 1 April 2010	20,000	(2,290)	63	6,312	1,171,855	1,195,940
Profit for the year	–	–	–	–	501,000	501,000
Other comprehensive income for the year	–	275	(63)	(3,989)	–	(3,777)
Total comprehensive income for the year	–	275	(63)	(3,989)	501,000	497,223
Payment of dividends	–	–	–	–	(260,000)	(260,000)
Balance at 31 March 2011	**20,000**	**(2,015)**	**–**	**2,323**	**1,412,855**	**1,433,163**
Company						
Balance at 1 April 2009	20,000	95,718	1,372	61	203,983	321,134
Profit for the year	–	–	–	–	81,978	81,978
Other comprehensive income for the year	–	–	(1,309)	(424)	–	(1,733)
Total comprehensive income for the year	–	–	(1,309)	(424)	81,978	80,245
Payment of dividends	–	–	–	–	(82,000)	(82,000)
Balance at 31 March 2010	20,000	95,718	63	(363)	203,961	319,379
Balance at 1 April 2010	20,000	95,718	63	(363)	203,961	319,379
Profit for the year	–	–	–	–	320,422	320,422
Other comprehensive income for the year	–	–	(63)	(1,276)	–	(1,339)
Total comprehensive income for the year	–	–	(63)	(1,276)	320,422	319,083
Payment of dividends	–	–	–	–	(260,000)	(260,000)
Balance at 31 March 2011	**20,000**	**95,718**	**–**	**(1,639)**	**264,383**	**378,462**

Notes to the financial statements are included on pages 15 to 36.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

		Consolidated		Company	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash flows from operating activities					
Receipts from customers		638,236	973,752	633,180	1,047,296
Payments to suppliers and employees		(629,764)	(1,000,025)	(629,292)	(1,041,032)
Dividends received		310,714	57,348	319,114	77,349
Interest received		207,573	65,935	104,661	28,105
Interest paid		(187,102)	(85,592)	(100,804)	(40,140)
Net income tax received		21,692	8,190	23,266	17,162
Net cash provided by operating activities	33(a)	361,349	19,608	350,125	88,740
Cash flows from investing activities					
Current loans receivable repaid		359,475	286,765	289,970	139,445
Non-current loans receivable (advanced)/repaid		(3,575)	(7,767)	(57,294)	39,270
Payment for investments		(53)	(1,568)	(4,553)	(1,568)
Proceeds from sale of investments		831	4,530	831	4,530
Payment for intangible assets		(1,573)	(2,054)	–	–
Payment for property, plant and equipment		(61)	(69)	(60)	(69)
Proceeds from sale of property, plant and equipment		2	1	2	1
Net cash provided by investing activities		355,046	279,838	228,896	181,609
Cash flows from financing activities					
Repayment of short term borrowings		(196,775)	(361,487)	(319,502)	(203,292)
Proceeds from/(Repayment of) long term borrowings		57,206	(74,680)	32,005	(92,620)
Dividends paid		(310,000)	(32,000)	(310,000)	(32,000)
Net cash used in financing activities		(449,569)	(468,167)	(597,497)	(327,912)
Net increase/(decrease) in cash and cash equivalents		266,826	(168,721)	(18,476)	(57,563)
Cash and cash equivalents at the beginning of the financial year		474,260	642,981	347,734	405,297
Cash and cash equivalents at the end of the financial year	33(b)	**741,086**	**474,260**	**329,258**	**347,734**

Notes to the financial statements are included on pages 15 to 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

1. SUMMARY OF ACCOUNTING POLICIES

Financial reporting framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this is a 'special purpose financial report' and has been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

Statement of compliance

The financial report has been prepared in accordance with the *Corporations Act 2001*, the basis of accounting specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements' and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors'. Accounting Standards include Australian equivalents of International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by the directors on 29 July 2011.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgements and key sources of estimation uncertainty

In the application of A-IFRS, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Adoption of new and revised accounting standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2010.

The directors consider there has been no material impact on the group on adoption of these revised Standards and Interpretations.

At the date of authorisation of the financial report, a number of Standards and Interpretations were issued but not effective.

AASB 9 "Financial Instruments", AASB 2009-11 "Amendments to Australian Accounting Standards arising from AASB 9", which apply to annual reporting periods beginning on or after 1 January 2013, introduce new requirements for classifying and measuring financial assets as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortised cost (the use of fair value is optional in some limited circumstances).
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognised in the profit or loss.
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss.
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

AASB 124 "Related Party Disclosures" (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards', which apply to annual reporting periods beginning on or after 1 January 2011, simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition including:

- The definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
- Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and
- The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

The impact of all other Standards or Interpretations issued but not yet effective is not expected to be material.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". A list of controlled entities appears in Note 35 to the financial statements. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(d) Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including interest rate swaps and forward foreign exchange contracts.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the profit or loss in the periods in which the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur the cumulative gain or loss accumulated in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

(e) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, long service leave, and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of annual leave and long service leave entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(f) Foreign Currency

All foreign currency transactions during the financial period have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are brought to account in the profit or loss in the financial period in which they arise except that exchange differences on transactions entered into in order to hedge certain foreign currency risks are treated in accordance with note 1(d).

(g) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial assets at fair value through profit or loss

The consolidated entity has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Available-for-sale financial assets

Certain shares held by the consolidated entity are classified as being available-for-sale and are stated at their fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the profit or loss for the period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

1. SUMMARY OF ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as the result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company, its controlled wholly owned Australian resident entities, and certain wholly owned Australian resident entities of the ultimate Japanese parent entity are part of a tax consolidated group under Australian taxation law. Mitsui & Co. (Australia) Ltd is the head entity of the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within a group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

The members of the tax-consolidated group have entered into a tax funding arrangement which sets out the funding obligations of the members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements generally require payments to/from the head entity equal to the current tax liability/asset assumed by the head entity and any tax loss or tax credit deferred tax asset assumed by the head entity.

The members of the tax-consolidated group have also entered into a valid tax sharing agreement under the tax consolidation legislation which sets out the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations and the treatment of entities leaving the tax-consolidated group.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(k) Inventories

Finished goods on hand and in transit are valued at the lower of cost and net realisable value. Costs are assigned to inventory by the method most appropriate to each particular class of inventory with the majority being valued on a specific identification basis (first in first out basis).

(l) Investments in associates

An associate is an entity over which the company has a significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post-acquisition changes in the company's share of net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the company's interest in that associate (which includes any long-term interests that, in substance, form part of the company's net investment in the associate) are recognised only to the extent that the company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

(m) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are initially brought to account at an amount equal to the present value of the minimum lease payments, and are amortised on a straight line basis over the estimated useful life of the asset. Finance lease payments are allocated between interest expense and a reduction of lease liability over the term of the lease.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction in rental expense on a straight line basis.

(n) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(o) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant, motor vehicles and furniture including freehold buildings, but excluding land, over their estimated useful economic lives using either the reducing balance method or prime cost method. The following estimated useful lives are used in the calculation of depreciation:

- Buildings 25 years
- Plant, motor vehicles and furniture 3–8 years

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(p) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities, and contingent liabilities that meet the conditions for recognition under AASB 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is immediately recognised in profit or loss.

The interest in minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(q) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at cost less any accumulated impairment losses. An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

(r) Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Intangible assets acquired separately are initially recorded at cost.

Subsequent to initial recognition, intangible assets acquired in a business combination and intangible assets acquired separately are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally-generated intangible assets arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. If the recognition criteria are not met then the development expenditure is expensed. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

1. SUMMARY OF ACCOUNTING POLICIES (continued)

(s) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(t) Revenue Recognition

Sale of Goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods or other assets.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contact.

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
2. PROFIT FROM OPERATIONS				
Profit before income tax includes the following items of revenue and expense:				
(a) Revenue				
Sales revenue:				
Sale of goods	623,039	921,184	623,039	921,184
Rendering of services	17,284	28,969	17,284	28,969
	640,323	950,153	640,323	950,153
Dividends:				
Controlled entities	–	–	8,400	20,000
Associated entities	–	–	310,714	57,102
Other parties	–	247	–	247
	–	247	319,114	77,349

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
2. PROFIT FROM OPERATIONS (continued)				
Other revenue:				
Profit/(loss) on the disposal of:				
Investments	254	3,210	254	3,210
Foreign exchange gain	4,780	1,553	5,097	1,104
Interest revenue:				
Ultimate parent entity	913	5,460	913	5,460
Controlled entity	–	–	14,884	13,703
Related bodies corporate:				
Wholly-owned group	82,764	67,782	25,757	6,456
Other parties	130,435	40,542	62,368	25,984
Management fees:				
Ultimate parent entity	3,865	807	3,865	807
Controlled entities	–	–	919	604
Related bodies corporate:				
Wholly-owned group	2,394	2,261	2,394	2,261
Other parties	116	189	116	189
Other income	132	160	132	160
	225,653	121,964	116,699	59,938
	865,976	1,072,364	1,076,136	1,087,440
(b) Expenses				
Interest:				
Controlled entities	–	–	24,971	24,369
Related bodies corporate:				
Wholly-owned group	133,479	56,016	42,807	11,151
Other parties	69,675	52,994	30,594	19,398
Management fees:				
Other related parties	40	7,433	–	7,433
Other	168	–	40	–
Operating lease rental expense	3,537	3,355	3,509	3,309
Net transfers (from)/to provisions:				
Employee entitlements	90	(30)	90	(30)
Depreciation of property, plant and equipment	803	1,068	783	1,044
Net loss on disposal of property, plant and equipment	5	1	5	1
Loss on disposal of investment	–	80	56	80
Diminution in value of investments:				
Other entities	42	–	42	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Consolidated		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
3. INCOME TAX				
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit from operations	503,364	248,353	321,240	84,660
Income tax expense calculated at 30%	151,009	74,506	96,372	25,398
Non-assessable dividends	–	(74)	(95,461)	(22,679)
Assessable dividends of associates	273	525	–	–
Share of profits of associates accounted for using the equity method	(149,255)	(70,106)	–	–
Non deductible entertainment and other items	268	116	268	116
Other	671	809	248	181
Under provision of income tax in prior year	(602)	(322)	(609)	(334)
Income tax expense attributable to profit from ordinary activities	2,364	5,454	818	2,682

	2011 $	**2010 $**	**2011 $**	**2010 $**
4. REMUNERATION OF AUDITORS				
Auditor of the parent entity				
Audit of the financial report	524,500	509,760	437,500	421,260
Other audit services	80,000	88,625	50,000	53,625
Taxation services	112,954	102,710	112,954	102,710
	717,454	701,095	600,454	577,595

	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
5. TRADE AND OTHER RECEIVABLES				
At amortised cost				
Trade receivables	103,882	82,049	103,882	82,076
Other receivables	373,444	171,889	356,224	164,926
	477,326	253,938	460,106	247,002

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
6. CURRENT OTHER FINANCIAL ASSETS				
At amortised cost				
Investment in associated entity (refer note 9)	–	–	–	85
Loans to:				
Ultimate parent company	–	208,666	–	208,666
Controlled entities	–	–	30,000	40,000
Related bodies corporate:				
Wholly owned group	695,594	846,527	79,419	150,847
Other parties	423	309	423	309
Directors	21	11	21	11
	696,038	1,055,513	109,863	399,918
At fair value				
Foreign currency forward contracts	10,887	18,361	2,850	12,212
Interest rate swaps	24,221	927	24,097	861
	731,146	1,074,801	136,810	412,991
7. CURRENT INVENTORIES				
Finished goods on hand and in transit:				
At cost	24,668	39,113	24,668	39,113
8. OTHER CURRENT ASSETS				
Prepayments	1,032	347	1,019	291
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Investments in associates:				
Current	–	105	–	–
Non-current	1,333,754	1,149,316	–	–
	1,333,754	1,149,421	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

		Ownership interest	
Name of entity	**Principal Activity**	**2011 %**	**2010 %**
Mitsui Coal Holdings Pty Limited	Coal	30.0	30.0
Synlait Limited	Dairy	9.0	9.0
Mitsui Iron Ore Development Pty Ltd	Iron ore	20.0	20.0
Mitsui Itochu Iron Pty Ltd	Iron ore	14.0	14.0
Shark Bay Salt Pty Ltd	Salt	10.0	10.0
Mitsui Power Investment Pty Ltd	Power generation	10.0	10.0
BHP Mitsui Coal Pty Ltd	Coal	6.7	6.7
Wandoo Petroleum Pty Ltd	Oil	–	5.0
Mittwell Energy Resources Pty Ltd	Oil	5.0	5.0
Komatsu Australia Corporate Finance Pty Ltd	Finance	4.0	4.0
Komatsu Australia Pty Ltd	Industrial machinery	4.0	4.0

Summarised financial information of associates:

	Consolidated		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Current assets	3,785,238	3,804,740	–	–
Non-current assets	6,339,305	5,456,575	–	–
	10,124,543	9,261,315	–	–
Current liabilities	(1,725,230)	(1,640,566)	–	–
Non-current liabilities	(1,273,902)	(1,310,726)	–	–
	(2,999,132)	(2,951,292)	–	–
Net assets	7,125,411	6,310,023	–	–
Revenue	7,863,593	5,575,595	–	–
Net profit	2,696,012	1,423,061	–	–
Share of associates' profit or loss				
Current year:				
Share of profit before income tax	672,764	290,787	–	–
Income tax expense	(175,249)	(57,102)	–	–
Total share of associates' profit	497,515	233,685	–	–

Dividends from associates

During the current year the consolidated entity received dividends from associates amounting to $310,714,000 (2010: $57,102,000).

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
10. NON CURRENT OTHER FINANCIAL ASSETS				
Shares in controlled entities:				
At cost	–	–	8,849	4,349
Provision for diminution in value	–	–	–	–
	–	–	8,849	4,349
At fair value:				
Available-for-sale shares				
Investments in associates (at cost)	–	–	275,779	275,780
Other	1,267	1,882	1,267	1,882
	1,267	1,882	285,895	282,011
Foreign currency forward contracts	2,135	–	–	–
Currency and interest rate swaps	17,866	52,312	17,762	52,312
At amortised cost:				
Long term loans to:				
Controlled entities	–	–	317,167	260,000
Related bodies corporate:				
Wholly owned group	482,797	479,349	–	–
Other parties	6,122	5,997	6,122	5,997
Directors	20	18	20	18
	510,207	539,558	626,966	600,338

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated					
	Freehold land at cost $'000	Buildings at cost $'000	Furniture & fittings at cost $'000	Plant & equipment at cost $'000	Leasehold improvements at cost $'000	Total $'000
Gross carrying amount						
Balance at 31 March 2010	1,420	8,058	2,197	1,452	1,900	15,027
Additions	–	–	37	24	–	61
Disposals	–	–	(32)	–	–	(32)
Balance at 31 March 2011	1,420	8,058	2,202	1,476	1,900	15,056
Accumulated depreciation						
Balance at 31 March 2010	–	3,968	1,544	1,225	1,110	7,847
Depreciation expense	–	468	97	72	166	803
Disposals	–	–	(25)	–	–	(25)
Balance at 31 March 2011	–	4,436	1,616	1,297	1,276	8,625
Net book value						
As at 31 March 2010	1,420	4,090	653	227	790	7,180
As at 31 March 2011	1,420	3,622	586	179	624	6,431

	Company					
	Freehold land at cost $'000	Buildings at cost $'000	Furniture & fittings at cost $'000	Plant & equipment at cost $'000	Leasehold improvements at cost $'000	Total $'000
Gross carrying amount						
Balance at 31 March 2010	1,420	8,058	2,165	1,310	1,900	14,853
Additions	–	–	37	23	–	60
Disposals	–	–	(32)	–	–	(32)
Balance at 31 March 2011	1,420	8,058	2,170	1,333	1,900	14,881
Accumulated depreciation						
Balance at 31 March 2010	–	3,968	1,539	1,197	1,110	7,814
Depreciation expense	–	468	95	54	166	783
Disposals	–	–	(25)	–	–	(25)
Balance at 31 March 2011	–	4,436	1,609	1,251	1,276	8,572
Net book value						
As at 31 March 2010	1,420	4,090	626	113	790	7,039
As at 31 March 2011	1,420	3,622	561	82	624	6,309

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
12. GOODWILL				
Gross carrying amount on acquisition of Bald Hills Wind Farm Pty Ltd	5,676	5,676	–	–
Less:				
Accumulated impairment losses	–	–	–	–
Net book value	5,676	5,676	-	-
13. OTHER INTANGIBLE ASSETS				
Gross carrying amount	7,644	6,071	-	-
Accumulated depreciation	–	–	–	–
Accumulated impairment	–	–	–	–
	7,644	6,071	–	–

Other intangible assets represent development expenditure of Bald Hills Wind Farm Pty Ltd, which is currently in the later stages of the development phase. If management decides to move to the construction phase, construction is likely to begin in 2011. Depreciation of these assets will begin after construction is completed and once the assets are available for use. At this preliminary stage the directors expect to amortise the capitalised development expenditure over 25 years. This period will be reassessed when construction is completed.

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
14. DEFERRED TAX ASSETS				
Deferred tax asset attributable to:				
Temporary differences	20,059	28,771	18,768	22,568
Tax losses	–	5,143	–	5,143
	20,059	33,914	18,768	27,711
15. CURRENT TRADE AND OTHER PAYABLES				
Trade creditors – unsecured	113,881	93,987	113,787	93,987
Other creditors	168,333	140,287	145,070	131,962
	282,214	234,274	258,857	225,949

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Consolidated		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
16. CURRENT BORROWINGS				
At amortised cost				
Unsecured:				
Short term borrowings:				
Controlled entities	–	–	252,869	560,631
Related bodies corporate:				
Ultimate parent entity	–	1,740	–	1,740
Wholly-owned group	1,375,045	1,459,480	–	–
Other parties	81,600	192,200	30,000	40,000
	1,456,645	1,653,420	282,869	602,371
17. OTHER CURRENT FINANCIAL LIABILITIES				
At fair value				
Foreign currency forward contracts	13,822	12,842	5,785	12,842
Interest rate swaps	24,209	861	24,097	861
	38,031	13,703	29,882	13,703
18. CURRENT TAX PAYABLE				
Income tax payable	273,062	82,284	273,062	82,284
19. CURRENT PROVISIONS				
Dividends	–	50,000	–	50,000
Employee entitlements	858	831	858	831
	858	50,831	858	50,831
20. OTHER CURRENT LIABILITIES				
Lease incentives (refer note 31(a))	223	180	223	180
Deferred revenue	844	21	844	21
	1,067	201	1,067	201
21. NON-CURRENT BORROWINGS				
At amortised cost				
Unsecured:				
Long term borrowings from:				
Controlled entities	–	–	26,969	52,170
Other parties	317,206	260,000	317,206	260,000
	317,206	260,000	344,175	312,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
22. OTHER NON-CURRENT FINANCIAL LIABILITIES				
At fair value				
Foreign currency forward contracts	2,135	–	–	–
Interest rate swaps	29,815	64,176	17,762	52,312
	31,950	64,176	17,762	52,312
23. DEFERRED TAX LIABILITIES				
Deferred income tax attributable to temporary differences	18,676	23,090	15,055	20,961
24. NON-CURRENT PROVISIONS				
Employee entitlements	864	801	864	801
Performance fee	4,302	4,302	–	–
	5,166	5,103	864	801
25. OTHER NON-CURRENT LIABILITIES				
Lease incentives (refer note 31(a))	991	1,257	991	1,257
26. ISSUED CAPITAL				
10,000,000 ordinary shares fully paid (2010: 10,000,000)	20,000	20,000	20,000	20,000

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

Changes in the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	Consolidated		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
27. RESERVES				
Asset revaluation	(2,015)	(2,290)	95,718	95,718
Available-for-sale	–	63	–	63
Hedging	2,323	6,312	(1,639)	(363)
	308	4,085	94,079	95,418
Asset revaluation reserve				
Balance at beginning of financial year	(2,290)	(1,192)	95,718	95,718
Share of associates increase/(decrease) in available-for-sale revaluation reserve net of tax	275	(1,098)	–	–
Balance at end of financial year	(2,015)	(2,290)	95,718	95,718
Available-for-sale reserve				
Balance at beginning of financial year	63	1,372	63	1,372
Valuation gain (loss) recognised	–	17	–	17
Transfer to profit and loss on sale of investment	(79)	(1,894)	(79)	(1,894)
Deferred tax released on sale of investment	16	568	16	568
Balance at end of financial year	–	63	–	63
Hedging reserve				
Balance at beginning of financial year	6,312	(69)	(363)	61
Profit/(loss) recognised on:				
– Forward exchange contracts	(1,560)	(518)	(1,560)	(518)
Transferred from profit or loss				
– Deferred foreign exchange loss	(547)	–	(547)	–
Transferred to profit or loss				
– Forward exchange contracts	363	(61)	363	(61)
Deferred tax on hedges	468	155	468	155
Share of associates (decrease)/increase in hedging reserve net of tax	(2,713)	6,805	–	–
Balance at end of financial year	2,323	6,312	(1,639)	(363)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
28. RETAINED EARNINGS				
Balance at beginning of financial year	1,171,855	1,010,956	203,961	203,983
Net profit attributable to members of the parent entity	501,000	242,899	320,422	81,978
Dividends paid or provided for	(260,000)	(82,000)	(260,000)	(82,000)
Balance at end of financial year	1,412,855	1,171,855	264,383	203,961
29. DIVIDENDS				
Interim dividends paid or provided for, fully franked at 30%	260,000	82,000	260,000	82,000

30. ECONOMIC DEPENDENCY

The group was dependent during the financial year upon its ultimate parent company, Mitsui & Co., Ltd, Japan, for a significant volume of its trading transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
31. EXPENDITURE COMMITMENTS				
(a) Lease commitments				
Non cancellable operating leases relating to office premises, office equipment, land and motor vehicles:				
Not longer than one year	3,530	3,591	3,530	3,591
Longer than one year but not longer than five years	8,016	12,221	8,016	12,221
Longer than five years	–	510	–	510
	11,546	16,322	11,546	16,322
In respect of non-cancellable operating leases, the following liabilities have been recognised:				
Current:				
Lease incentives (refer note 20)	223	180	223	180
Non-current:				
Lease incentives (refer note 25)	991	1,257	991	1,257
	1,214	1,437	1,214	1,437
(b) Commodity purchase commitments				
Aggregate purchase commitments contracted for at balance date but not provided for in the financial statements:				
Not longer than one year	93,040	20,652	93,040	20,652

(c) Development commitments

The company's subsidiary, Bald Hills Wind Farm Pty Ltd, has engaged various service providers and consultants for ongoing development (not construction) of the wind farm turbines. These agreements contain exit clauses and can be terminated by either party at any time. The construction contract has not been entered into as at 31 March 2011.

32. CONTINGENT LIABILITIES

	Consolidated 2011 $'000	Consolidated 2010 $'000	Company 2011 $'000	Company 2010 $'000
Contingent liabilities at the end of the financial year are:				
(a) Guarantees given in respect of borrowings by controlled entities	–	–	140,613	238,517
(b) The company has given performance guarantees in respect of various contracts to other corporations	15,749	11,778	15,749	11,778

(c) Pursuant to a development agreement, the company's subsidiary, Bald Hills Wind Farm Pty Ltd is required to pay a performance fee of about 3.34% of EBITDA over a period of 10 years to a developer if the wind farm construction commences before 31 December 2011 and EBITDA is above $Nil. Under certain circumstances, if the construction of the wind farm is not completed, Bald Hills Wind Farm Pty Ltd may have to pay the developer an early termination fee of about $7million.

	Consolidated		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
33. NOTES TO CASH FLOW STATEMENT				
(a) Reconciliation of profit for the year to net cash flows from operating activities:				
Profit for the year	501,000	242,899	320,422	81,978
Add/(less):				
Loss on disposal of property, plant & equipment	5	1	5	1
Profit on disposal of investment	(254)	(3,130)	(198)	(3,130)
Depreciation	803	1,068	783	1,044
Loss on fair value revaluation of financial assets through the profit or loss	42	–	42	–
Share of associates profits (less dividends)	(186,801)	(176,584)	–	–
Decrease in deferred tax asset	13,855	4,155	8,943	3,526
Increase/(Decrease) in current tax payable	190,778	(54,440)	190,778	(54,440)
Decrease in deferred tax liability	(4,398)	(6,120)	(5,890)	(6,156)
Decrease in hedge reserve	(1,276)	(424)	(1,276)	(424)
Changes in assets and liabilities				
(Increase)/decrease in assets:				
Trade and other receivables	(223,388)	103,160	(213,104)	110,485
Other financial assets	16,491	14,825	20,676	21,040
Inventories	14,445	40,599	14,445	40,599
Other	(685)	(220)	(728)	(167)
Increase/(decrease) in liabilities:				
Trade and other payables	47,940	(84,978)	32,908	(85,082)
Other financial liabilities	(7,898)	(61,014)	(18,371)	(20,345)
Other provisions	90	(30)	90	(30)
Other	600	(159)	600	(159)
Net cash provided by operating activities	361,349	19,608	350,125	88,740
(b) Reconciliation of cash and cash equivalents				
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash and cash equivalents	741,086	474,260	329,258	347,734
Bank overdraft	–	–	–	–
	741,086	474,260	329,258	347,734

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

34. PARENT ENTITY

The ultimate parent entity is Mitsui & Co., Ltd, incorporated in Japan.

35. DETAILS OF CONTROLLED ENTITIES

		Ownership Interest	
	Country of Incorporation	2011 %	2010 %
Parent entity			
Mitsui & Co. (Australia) Ltd.	Australia		
Controlled entity			
Mitsui & Co. Financial Services (Australia) Ltd	Australia	100	100
Bald Hills Wind Farm Pty Ltd	Australia	100	100

36. ADDITIONAL COMPANY INFORMATION

Mitsui & Co. (Australia) Ltd is a company incorporated and operating in Australia.

Principal Registered Office

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Principal Place of Business

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MITSUI & CO. (AUSTRALIA) LTD.

ACN 004 349 795

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