99th (Year ended March 31, 2018)

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MITSUI & CO., LTD.

Items Disclosed on Internet Concerning Notice of the 99th Ordinary General Meeting of Shareholders

Business Report

Consolidated Financial Statements

Non-Consolidated Financial Statements

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, 2018

(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)	1,211	121,100 shares of common stock	Issued without contribution	¥1 per share	From July 28, 2017 to July 27, 2044
Year ended March 31, 2016 (May 8, 2015)	68	6,800 shares of common stock	Issued without contribution	¥1 per share	From May 28, 2018 to May 27, 2045
Year ended March 31, 2016 (July 8, 2015)	1,955	195,500 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)	2,722	272,200 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)	3,096	309,600 shares of common stock	Issued without contribution	¥1 per share	From July 20, 2020 to July 19, 2047

(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)	684	7	87	1	440	11
Year ended March 31, 2016 (May 8, 2015)	–	–	68	1	–	–
Year ended March 31, 2016 (July 8, 2015)	1,201	8	–	–	754	16
Year ended March 31, 2017 (July 13, 2016)	1,497	8	–	–	1,225	21
Year ended March 31, 2018 (July 5, 2017)	1,538	9	–	–	1,558	28

Notes:

1. The holding status for Managing Officers who concurrently serve as Directors is listed in the Directors field.
2. 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.
3. The class and total number of shares to be issued upon exercise of subscription rights to shares as of March 31, 2018 (including those held by retirees) was 1,136,100 shares of common stock.

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, 2018

Name	The 2017 First Subscription Rights to Shares of the Company (stock options as stock-based compensation with stock price conditions)		
Date of resolution of issuance	July 5, 2017		
Number of subscription rights to shares	1,538 rights	1,558 rights	156 rights
Number of granted persons	Directors of the Company (excluding External Directors): 9 persons	Managing Officers of the Company not concurrently serving as Directors (excluding Managing Officers outside Japan): 28 persons	Retired Managing Officers: 1 person
Class and number of shares to be issued upon exercise of subscription rights to shares	153,800 shares of common stock of the Company	155,800 shares of common stock of the Company	15,600 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 20, 2020 to July 19, 2047		
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 (Tokyo Stock Price Index) growth rate, reflecting the degree, they may exercise only part of such subscription rights to shares allotted (please refer to details on stock price conditions below).		

Note: The one retired Managing Officer was granted subscription rights to shares the Company withheld while he is residing outside Japan.

[Details of stock price conditions]

1. When the **Company's stock price growth rate**[*1] is equal to or exceeds the **TOPIX (Tokyo Stock Price Index) growth rate**[*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 (Tokyo Stock Price Index) growth rate: **Only part of the subscription rights to shares granted**[*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

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

*2 The TOPIX (Tokyo Stock Price Index) growth rate shall be calculated by the formula below based on the TOPIX (Tokyo Stock Price Index) 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

<u>TOPIX growth rate = D / E</u>

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

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	704	6
Consolidated subsidiaries	690	8
Total	1,394	14

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 Officers 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., and carries out compliance workshops, seminars, and awareness surveys, working to ensure thorough compliance. In the fiscal year under review, the Company established the Compliance Review week and, with the theme of "thinking about compliance issues around us," carried out various activities such as messages from the management including the President and CCO, panel discussion with CCO, External Audit & Supervisory Board Members and external attorneys at law, and seminars held by outside lecturers. Also, the Company put effort into enhancing employees' and officers' understanding and awareness of compliance by distributing the Compliance Handbook that explains the BUSINESS CONDUCT GUIDELINES FOR EMPLOYEES AND OFFICERS, and implementing compliance e-learning to confirm levels of understanding of the Handbook. Furthermore, as a new initiative aimed at further strengthening detection and control, the Company began the introduction of the Global Group Hotline, a special whistle-blowing hotline for reporting and seeking advice regarding cases that breach the laws of Japan or another country regarding anti-trust (monopoly) laws or anti-corruption laws, or cases that give rise to suspicion of such breaches. Under the system that is being put in place, the Compliance Department belonging to the Company's head office Legal Division becomes a unified channel by which to receive whistleblowing reports from officers and employees of overseas trading subsidiaries, and other subsidiaries in Japan and overseas.

- Monitoring by the Audit & Supervisory Board Members

  The Audit & Supervisory Board Members conduct audits of the decision-making process of the management team by inspecting decision-making documents and by attending important meetings including those of the Corporate Management Committee, and monitor the execution of duties through 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. Also, in the fiscal year under review, the External Member Meetings, which are composed of External Directors and External Audit & Supervisory Board Members, were held six times, and the discussions in these meetings included such topics as business strategies for each unit, the internal control systems of affiliated companies inside the consolidated global management framework, and the Company's Digital Transformation. Furthermore, the Governance Committee (three meetings), the Nomination Committee (two meetings), and the Remuneration Committee (three meetings) carried out discussion in light of the opinions of External Officers and put effort into enhancing the objectivity and transparency of 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 Internal Controls 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 under review, the Portfolio Management Committee held ten meetings and continued appropriate risk management at a company-wide level through monitoring of the entire company's portfolio and examination of individual proposals.

Also, the Internal Controls Committee held two meetings and reviewed the Group's internal control system and the status of operations of said system in light of the details of the activities of its sub-committees, which are the Compliance Committee, the Disclosure Committee, and the J-SOX 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, 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, reports were made regarding topics such as reports on the Business Plan of the fiscal year ended March 31, 2018 and cyber security.

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 under review, the Company worked to enhance the compliance of the group, conducting a compliance awareness survey at principal domestic affiliated companies continuing from the previous fiscal year, and distributing the Compliance Handbook to principal domestic affiliated companies.

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

The Audit & Supervisory Board Member Division is staffed with five employees who 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 Audit & Supervisory Board Members

1) Audit & Supervisory Board Members may attend relevant important meetings, receive important in-house documentation and materials, have regular meetings with Directors, Managing Officers, or other management staff, and receive information on the Company including information on affiliated companies.
2) Directors report immediately 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 and through collaborating daily and meeting with the Audit & Supervisory Board Members of those companies.
4) The Company is prohibited from treating a whistleblower (including that at an affiliated company) to the Audit & Supervisory Board Members disadvantageously.

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, or may receive whistle-blowing reports directly from officers and employees. Also, Audit & Supervisory Board Members attend important meetings including meetings of the Board of Directors and its advisory committee, and Corporate Management Committee, have regular meetings with the Directors, Managing Officers, and General Managers of the Corporate Staff Unit, exchange opinions at regular meetings with the Independent Auditor, the Internal Auditing Division, and Full-time Audit & Supervisory Board Members of subsidiaries, receive important documentation, and work to collect and examine information on the day-to-day management performance of the Company by various methods including the above meetings.

In particular, the Audit & Supervisory Board Members designate some of the affiliated companies 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

The Audit & Supervisory Board Members conduct effective auditing in collaboration with the Internal Auditing Division and the Independent Auditor through regular 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. 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, 2018

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2017	¥ 341,482	¥ 409,528	¥ 2,550,124	¥ 485,447	¥ (54,402)	¥ 3,732,179	¥ 257,983	¥ 3,990,162
Profit for the year			418,479			418,479	22,823	441,302
Other comprehensive income for the year				(2,366)		(2,366)	(4,339)	(6,705)
Comprehensive income for the year						416,113	18,484	434,597
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥60)			(105,844)			(105,844)		(105,844)
Dividends paid to non-controlling interest shareholders							(24,098)	(24,098)
Acquisition of treasury stock					(50,057)	(50,057)		(50,057)
Sales of treasury stock		(29)	(30)		60	1		1
Compensation costs related to stock options		247				247		247
Equity transactions with non-controlling interest shareholders		(23,581)		5,657		(17,924)	(8,961)	(26,885)
Transfer to retained earnings			40,703	(40,703)		–		–
Balance as at March 31, 2018	¥ 341,482	¥ 386,165	¥ 2,903,432	¥ 448,035	¥ (104,399)	¥ 3,974,715	¥ 243,408	¥ 4,218,123

Year ended March 31, 2017 (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, 2016	¥ 341,482	¥ 412,064	¥ 2,314,185	¥ 317,955	¥ (5,961)	¥ 3,379,725	¥ 286,811	¥ 3,666,536
Profit for the year			306,136			306,136	20,014	326,150
Other comprehensive income for the year				196,889		196,889	2,118	199,007
Comprehensive income for the year						503,025	22,132	525,157
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥57)			(102,187)			(102,187)		(102,187)
Dividends paid to non-controlling interest shareholders							(52,706)	(52,706)
Acquisition of treasury stock					(48,648)	(48,648)		(48,648)
Sales of treasury stock			(0)		207	207		207
Compensation costs related to stock options		164				164		164
Equity transactions with non-controlling interest shareholders		(2,700)		2,593		(107)	1,746	1,639
Transfer to retained earnings			31,990	(31,990)		–		–
Balance as at March 31, 2017	¥ 341,482	¥ 409,528	¥ 2,550,124	¥ 485,447	¥ (54,402)	¥ 3,732,179	¥ 257,983	¥ 3,990,162

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

(Millions of Yen)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the Year	¥ 441,302	¥ 326,150
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	174,983	198,971
Remeasurements of defined benefit plans	14,242	16,379
Share of other comprehensive income of investments accounted for using the equity method	4,372	(3,132)
Income tax relating to items not reclassified	(48,857)	(54,549)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(82,590)	25,787
Cash flow hedges	6,184	14,985
Share of other comprehensive income of investments accounted for using the equity method	(42,390)	(6,528)
Income tax relating to items that may be reclassified	(32,649)	7,094
Total other comprehensive income	(6,705)	199,007
Comprehensive Income for the Year	**¥ 434,597**	**¥ 525,157**
Comprehensive Income for the Year Attributable to:		
Owners of the parent	¥ 416,113	¥ 503,025
Non-controlling interests	18,484	22,132

Segment Information [Supplementary Information] (Unaudited)

The components of deciding resources to be allocated to the segments and assessing their performance by the Company's chief operating decision-maker have been changed to the components where the regional operating segments were consolidated by the product operating segments. Since the year ended March 31, 2018, the previous 10 reportable segments that include 7 product segments of "Iron & Steel Products", "Mineral & Metal Resources", "Machinery & Infrastructure", "Chemicals", "Energy", "Lifestyle" and "Innovation & Corporate Development" along with 3 regional segments of "Americas", "Europe, the Middle East and Africa" and "Asia Pacific", have been changed to 7 reportable segments of "Iron & Steel Products", "Mineral & Metal Resources", "Machinery & Infrastructure", "Chemicals", "Energy", "Lifestyle" and "Innovation & Corporate Development", where the regional segments were consolidated by the product segments. In accordance with this change, the segment information for the year ended March 31, 2017 has been restated to conform to the current period presentation.

Year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Revenues	238,240	946,369	447,088	1,186,673	534,293	1,409,378
Gross Profit	41,874	206,767	121,943	136,573	96,808	139,533
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	13,349	61,806	96,525	11,318	24,544	22,842
Profit (Loss) for the Year Attributable to Owners of the parent	24,728	257,617	89,617	34,235	48,601	(26,340)
Core Operating Cash Flow	14,179	240,829	158,846	50,174	175,282	7,118
Total Assets at March 31, 2018	654,725	2,092,908	2,255,650	1,186,254	1,917,687	1,901,822

	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenues	127,326	4,889,367	1,937	845	4,892,149
Gross Profit	45,084	788,582	1,278	845	790,705
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	5,040	235,424	(116)	(367)	234,941
Profit (Loss) for the Year Attributable to Owners of the parent	(4,637)	423,821	2,469	(7,811)	418,479
Core Operating Cash Flow	3,061	649,489	8,558	8,440	666,487
Total Assets at March 31, 2018	622,709	10,631,755	6,239,888	(5,564,983)	11,306,660

Year ended March 31, 2017 (from April 1, 2016 to March 31, 2017) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Revenues	202,406	746,406	408,504	1,037,284	463,601	1,378,263
Gross Profit	36,724	176,786	114,452	145,611	63,885	136,179
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	11,129	48,468	64,341	3,880	17,090	24,085
Profit (Loss) for the Year Attributable to Owners of the parent	10,853	144,314	66,806	32,653	31,679	25,382
Core Operating Cash Flow	8,617	202,136	74,432	53,771	134,109	8,378
Total Assets at March 31, 2017	612,632	1,962,236	2,238,142	1,175,205	1,905,252	1,723,399

	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenues	125,226	4,361,690	1,908	371	4,363,969
Gross Profit	44,988	718,625	299	371	719,295
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	2,077	171,070	(106)	(395)	170,569
Profit (Loss) for the Year Attributable to Owners of the parent	10,975	322,662	(2,888)	(13,638)	306,136
Core Operating Cash Flow	6,109	487,552	16,394	(9,100)	494,846
Total Assets at March 31, 2017	611,395	10,228,261	5,798,648	(4,525,896)	11,501,013

Notes:
1. "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and affiliated companies.
   Total assets of "All Other" at March 31, 2017 and March 31, 2018 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. Since the year ended March 31, 2018, Core Operating Cash Flow has been identified as the performance indicator that is more important than EBITDA, therefore, Core Operating Cash Flow has been disclosed by reportable segments instead of EBITDA.
   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. Previously, there was a difference between the Company's actual income taxes and the reportable segments' income taxes that were calculated using the internal tax rate and the difference was included in the "Adjustments and Eliminations".
   Since the year ended March 31, 2018, the internal tax rate has been made the same as the external tax rate.
   In addition, since the year ended March 31, 2018, the scope of allocation of expenses incurred at Corporate Staff Unit to reportable segments was reviewed, and part of the expenses which were previously allocated to the reportable segments have been excluded from the scope of allocation.
6. Previously, the profit and loss of consolidated subsidiaries that are jointly held by numerous operating segments were allocated from the supervising to non-supervising operating segments based on the profit share of each of the segments using the Share of Profit (Loss) of Investments Accounted for Using the Equity Method and Income for the Period Attributable to Non-controlling Interests.
   Since the year ended March 31, 2018, these allocations are made based on the profit share of each of the segments in each of the accounts disclosed in the segment information to reflect the performance of the operating segments more properly.
7. In accordance with the changes in 4-6 above, the segment information for the year ended March 31, 2017 has been restated to conform to the current period presentation.
8. Profit (Loss) for the year Attributable to Owners of the parent of each operating segment during the year ended March 31, 2018 include the following impacts, mainly due to the reversal of deferred tax assets and liabilities which reflect the lower federal corporate income tax rate set by the "Tax Cuts and Jobs Act" in the US enacted on December 22, 2017.
   The following includes impact to "Income taxes" which is disclosed in "Notes to Income Taxes", "Share of Profit (Loss) of Investment Accounted for Using Equity Method" and other accounts.

Year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Profit (Loss) for the Year Attributable to Owners of the parent	3,292	–	4,272	7,266	(18,268)	2,985

	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Profit (Loss) for the Year Attributable to Owners of the parent	(85)	(538)	13,465	-	12,927

Notes to Consolidated Financial Statements (Year ended March 31, 2018)

Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

1. Subsidiaries and equity accounted investees

(1) Subsidiaries 265

Mitsui Oil Exploration Co., Ltd., Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd., Mitsui Sakhalin Holdings B.V., Novus International, Inc., and others

(2) Equity accounted investees (associated companies and joint ventures) 207

Japan Australia LNG (MIMI) Pty. Ltd., P.T. Paiton Energy, JA MITSUI LEASING LTD. and others

A total of 382 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" (revised in November 2013).

<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. Impairment losses are measured by using the present value of expected future cash flows, discounted at the effective interest rate based on the original terms of the contract, or at fair value of the collateral if their value depends on the collateral and comparing the resulting value to the carrying value of the financial asset with the difference between 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) 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.

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

Changes in Accounting Estimates

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

(Impairment loss related to Caserones Copper Project in Chile)
Mitsui Bussan Copper Investment & Co., Ltd., a subsidiary in the Mineral & Metal Resources Segment, recognized an impairment loss of ¥18,590 million related to SCM Minera Lumina Copper Chile, an equity-method affiliate, which Mitsui Bussan Copper Investment & Co., Ltd. and MLCC Finance Netherlands B.V., an equity-method affiliate, have investment and loan for. The impairment loss was driven by update in the revision of the long-term copper production program and operational situation. Out of ¥18,590 million, ¥14,722 million loss is included in Provision for doubtful receivables under “Selling, General and Administrative Expenses” and ¥3,868 million loss is included in “Share of Profit (Loss) of Investments Accounted for Using the Equity Method” respectively.

(Impairment loss related to agricultural business in Brasil)
XINGU AGRI AG, a subsidiary in the Lifestyle Segment, recognized an impairment loss of ¥11,288 million in “Impairment loss of fixed assets” by reducing the carrying amount of assets such as goodwill and the farmland to the recoverable amount of ¥70,470 million. The impairment loss mainly related to a decline in the soybean price and decreased demand for the farmland in the area where the assets are located. The recoverable amount above represents 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 asset being valued, and the fair value is classified as level 3.

(Provisions)
Multigrain Trading AG (“Multigrain” a 100% owned subsidiary of the Company), which is engaged in origination and merchandising of agricultural products in Brazil, has concluded several long-term contracts mainly related to the export trading business of soybean and corn. Due to the recent deterioration of the business environment, losses of ¥25,006 million expected to arise from meeting the obligations under some of the contracts have been recognized.
According to IAS 37, the corresponding provisions were measured based on the unavoidable costs under the contracts that reflect the least net cost of exiting from the contracts, which is the lower of the costs of fulfilling them and the costs arising from failure to fulfill them. Regarding to amounts of these estimations, the costs of meeting the obligations and expected benefits under the contracts depend on changes of the margin on the business of origination and merchandising of agricultural products in future, while the costs arising from failure of fulfilment depend on negotiations with the counterparties of the contracts. Among the contracts, the longest expected timing of outflows related to these provisions is 8 years. Regarding to one of these contracts, the probability to reach its termination was high and it was reflected in the estimate of provisions.
Such provisions are presented as “Provisions” within the Consolidated Statements of Financial Position, and the related losses are presented as “Provision related to Multigrain business” within the Consolidated Statements of Income respectively. The losses are also included in the “Profit (Loss) for the Period Attributable to Owners of the parent” in the Lifestyle segment.

Notes to Consolidated Statements of Financial Position

1. Pledged assets and related liabilities

(1) Assets pledged as collateral ¥ 514,335 million

The following assets were pledged as collateral:

Cash and deposits	¥ 54,200 million
Trade and other receivables, etc (current and non-current)	¥ 20,627 million
Investments	¥ 416,320 million
Property, plant and equipment (after deducting accumulated depreciation and impairment losses)	¥ 23,102 million
Other	¥ 86 million

(2) Liabilities related to the assets pledged as collateral ¥ 89,411 million

2. Allowance for doubtful receivables directly deducted from trade and other receivables

(current and non-current)	¥ 57,563 million
(current)	¥ 8,556 million
(non-current)	¥ 49,007 million

3. Accumulated depreciation and impairment losses of property, plant and equipment ¥ 2,064,748 million

4. Accumulated depreciation and impairment losses of investment property ¥ 42,239 million

5. Contingent liabilities

The table below summarizes the maximum potential amount of future payments of the companies' guarantees as of March 31, 2018.

Financial Guarantees	¥ 998,428 million
Performance Guarantees	¥ 134,963 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, 2018.

Notes to Consolidated Statements of Changes in Equity

1. Number of common stock issued as of March 31, 2018
   1,796,514,127 shares

   58,632,655 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 21, 2017	¥52,922	¥30	March 31, 2017	June 22, 2017
Board of Directors' meeting held on November 2, 2017	¥52,923	¥30	September 30, 2017	December 4, 2017

   (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 21, 2018.

   ① Total amount of dividends (Millions of yen) ¥69,516
   ② Dividends per share (Yen) ¥40
   ③ Record date March 31, 2018
   ④ Effective date June 22, 2018
   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, 2018 (except for those shares whose first date of exercise period has not passed).
   190,700 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, 2018. 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, 2018		
	Carrying amount	Fair value	Difference
Financial Assets			
Non-current Assets			
Other investments	1,825,026	1,825,026	-
Trade and other receivables and Other financial assets (*)	553,228	553,483	255
Financial Liabilities			
Non-current Liabilities			
Long-term debt, less current portion and Other financial liabilities (*)	3,645,991	3,714,586	68,595

(*)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 ¥ 207,728 million and ¥ 150,598 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.

The carrying amount of the investments in LNG projects, included in “Other investments”, decreased by ¥18,064 million, mainly due to reflecting the change of future oil price forecast and foreign exchange fluctuation, despite the increase of sales quantity due to the revision of business plan, for the year ended March 31, 2018.

(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, 2018 was ¥188,953 million and fair value of investment property was ¥379,792 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, 2018 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.

Notes to Income Taxes

Income Taxes in the Consolidated Statements of Income for the year ended March 31, 2018 include the gain of ¥7,070 million mainly due to the reversal of deferred tax assets and liabilities which reflect the lower federal corporate income tax rate set by the "Tax Cuts and Jobs Act" in the US enacted on December 22, 2017.

Per Share Information

Equity attributable to owners of the parent per share	¥ 2,287.10
Basic earnings per share attributable to owners of the parent	¥ 237.67
Diluted earnings per share attributable to owners of the parent	¥ 237.50

Subsequent Events

There are no material subsequent events to be disclosed.

Other matters

The Company held a 15% share in Valepar S.A. (“Valepar”), a holding company of Vale S.A. (“Vale”) and Valepar was incorporated by Vale on August 14, 2017.
Through this incorporation, the companies recognized ¥56,296 million of profit from the difference between its book value of Valepar's shares and the fair value of its newly acquired Vale shares and ¥35,204 million of the profit due to the reversal of deferred tax liabilities. A loss of ¥2,169 million was included in Profit (Loss) of equity method investments for three-month period ended September 30, 2017 and a gain of ¥9,444 million was included in Profit (Loss) of equity method investments for the year ended March 31, 2018.
¥260,238 million of book value of Valepar was included in the Investments accounted for using equity method on Consolidated Statements of Financial Position at March 31, 2017.
Through this incorporation, the Company acquired ¥307,072 million in share of Vale and ¥388,377 million is included in Other investment (financial assets measured at FVTOCI) on Consolidated Statement of Financial Position at March 31, 2018.

Non-Consolidated Financial Statements

Statements of Changes in Equity

Year ended March 31, 2018

(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	669,036	875,253
Changes of items during the year								
Cash dividends							(105,844)	(105,844)
Net Income							360,040	360,040
Acquisition of treasury stock								
Disposal of treasury stock							(29)	(29)
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	–	–	–	–	–	–	254,166	254,166
Balance at end of current year	341,481	367,758	367,758	27,745	176,851	1,619	923,202	1,129,419

	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	(54,401)	1,530,091	221,230	(120,141)	101,088	559	1,631,739
Changes of items during the year							
Cash dividends		(105,844)					(105,844)
Net Income		360,040					360,040
Acquisition of treasury stock	(50,021)	(50,021)					(50,021)
Disposal of treasury stock	59	30				(29)	1
Compensation costs related to stock options						247	247
Net changes during the year of items in valuation and translation adjustments			117,220	30,214	147,435		147,435
Total changes of items during the year	(49,961)	204,204	117,220	30,214	147,435	218	351,857
Balance at end of current year	(104,363)	1,734,295	338,451	(89,927)	248,524	777	1,983,597

Year ended March 31, 2017 (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	618,050	824,267
Changes of items during the year								
Cash dividends							(102,187)	(102,187)
Net Income							153,173	153,173
Acquisition of treasury stock								
Disposal of treasury stock							(0)	(0)
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	–	–	–	–	–	–	50,986	50,986
Balance at end of current year	341,481	367,758	367,758	27,745	176,851	1,619	669,036	875,253

	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	(5,754)	1,527,752	174,007	(146,044)	27,962	396	1,556,111
Changes of items during the year							
Cash dividends		(102,187)					(102,187)
Net Income		153,173					153,173
Acquisition of treasury stock	(48,648)	(48,648)					(48,648)
Disposal of treasury stock	0	0					0
Compensation costs related to stock options						163	163
Net changes during the year of items in valuation and translation adjustments			47,222	25,903	73,126		73,126
Total changes of items during the year	(48,647)	2,338	47,222	25,903	73,126	163	75,628
Balance at end of current year	(54,401)	1,530,091	221,230	(120,141)	101,088	559	1,631,739

Notes to Non-Consolidated Financial Statements (Year ended March 31, 2018)

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: 3-50 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 (See Note 1)	As Security for Trading Contracts	For Guarantees
Accounts receivable, trade	¥212	¥212	–	–
Investments in Securities, Investments and ownership in subsidiaries and associated companies	¥134,359	–	¥4,102	¥130,257
Long-term loans receivable	¥9,224	–	–	¥9,224
Others(Note 3)	¥11,038	–	¥11,038	–
Total	¥154,833	¥212	¥15,140	¥139,481

Note 1: Corresponds to the long-term borrowings secured of ¥72 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 ¥154,889 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: ¥4,286 million

3. Accumulated depreciation of tangible assets: ¥32,206 million

4. 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, Inc.	¥690,361
Oriente Copper Netherlands B.V.	211,881
Mitsui & Co. Energy Trading Singapore Pte. Ltd.	126,919
Lepta Shipping Co., Ltd.	118,277
Cameron LNG, LLC	98,029
MEPAU A Pty Ltd.	81,886
Mitsui E&P Italia A S.r.l	78,098
Energia Sustentavel do Brasil S.A.	77,655
Clin,S.A.-Corredor Logisticointegrado de Nacala	59,280
Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd.	55,952
Other-248 companies	1,388,816
Sub-total (Note 2)	2,987,159
2. Guarantees related to bank borrowings of overseas trading subsidiaries	
Mitsui & Co. (Middle East) B.S.C.(c)	332,785
Mitsui & Co. Norway AS.	15,673
Other-7 overseas trading subsidiaries	9,556
Sub-total	358,015
Grand total	¥3,345,174

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 ¥138,770 million are included.

Note 3: Presented above are 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 ¥96,103 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 ¥82,956 million are included in notes receivable discounted.

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

Short-term receivables: ¥568,577 million　　Long-term receivables: ¥252,211 million

Short-term payables: ¥393,370 million　　Long-term payables: ¥2,253 million

6. Accounting for notes receivable and payable whose maturity dates are at fiscal year-end:

The settlements of the notes receivable and payable are to be recorded not on maturity dates but on physical settlement dates thereof. As the fiscal year-end happened to be a bank holiday, the following amounts of notes receivable and payable whose maturity date is on March 31st are still carried in the balance sheet.

Notes receivable, trade	¥1,324 million
Notes payable, trade	¥48 million

Notes to Statements of Income

Transactions with subsidiaries and associated companies:

Sales:	¥980,762 million
Purchases:	¥728,199 million
Other non-operating transactions:	¥436,296 million

Note to Statements of Changes in Equity

Number of treasury stock as of March 31, 2018

Common stock	58,602,512 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	¥ 26,677
Allowances for the obligation for guarantees and commitments	16,091
Investments in securities, subsidiaries and associated companies	227,607
Impairment loss of fixed assets	5,736
Accrued bonuses	10,012
Pension and severance costs	9,295
Deferred losses on derivatives under hedge accounting	27,877
Loss carryforwards	75,842
Others	13,276
Subtotal deferred tax assets	412,413
Valuation allowance	(412,413)
Total deferred tax assets	–
Deferred tax liabilities	
Net unrealized gains on available-for-sale securities	113,073
Others	583
Total deferred tax liabilities	113,656
Net deferred tax liabilities	¥ 113,656

Transactions with Related Parties

Company Name: Mitsui & Co. Steel Ltd.
Relationship: Subsidiary
Ownership of Voting Shares: 100% direct ownership
Relationship with Related Parties: Dispatching directors and providing finance
Transaction Content: Loans
Transaction Amount: ¥55,154 million
Amounts as of the current fiscal year-end: Short-term loans receivable ¥65,856 million
Transaction Conditions and Transaction Policy: Financing condition is determined considering market interest rates.

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: ¥65,777 million
Amounts as of the current fiscal year-end: Short-term loans receivable ¥17,833 million, Long-term loans receivable ¥31,500 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: ¥138,627 million
Amounts as of the current fiscal year-end: ¥155,216 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
Transaction Content: Deposits received
Transaction Amount: ¥21,503 million
Amounts as of the current fiscal year-end: ¥62,661 million
Transaction Conditions and Transaction Policy: Financing condition is determined considering market interest rates.

Company Name: Vale S.A.
Relationship: Subsidiary of affiliate
Relationship with Related Parties: Exercising influence through an affiliate company, Valepar S.A.
Transaction Content: Incorporating Valepar S.A. into Vale S.A. and exchange of stocks
Transaction Amount: Acquiring securities of Vale S.A. ¥307,071 million. Book value of Valepar S.A. shares before incorporation ¥137,657 million
Transaction Conditions and Transaction Policy: The Company had a 15% share in Valepar S.A. ("Valepar"), a holding company of Vale S.A. ("Vale"). Valepar was incorporated into Vale on August 14, 2017. The sales price of securities is determined based on the fair value of the securities and a gain on sales of ¥169,414 million was recognized. The book value of ¥137,657 million in Valepar was included in Investments and ownership in subsidiaries and associated companies as at March 31, 2017. As a result of the transaction, ¥307,071 million of shares held in Vale was included in Investment in securities as at March 31, 2018.

Company Name: MBK Healthcare Partners Limited
Relationship: Subsidiary
Ownership of Voting Shares: 100% direct ownership
Relationship with Related Parties: Dispatching directors
Transaction Content: Acquiring securities with capital reduction
Transaction Amount: ¥78,466 million
Transaction Conditions and Transaction Policy: The Company acquired the stocks of IHH Healthcare Berhad from this company. The value of securities in IHH Healthcare Berhad is determined based on the latest book value of the securities on this company.

Company Name: MBK USA HOLDINGS, INC.
Relationship: Subsidiary
Ownership of Voting Shares: 100% direct ownership
Relationship with Related Parties: Dispatching directors
Transaction Content: Exchanging stocks and Acquiring new shares
Transaction Amount: Exchanging stocks ¥37,529 million, Acquiring new shares ¥63,584 million
Transaction Conditions and Transaction Policy: Mitsui E&P USA Holdings LLC is affiliated with this company in kind for the efficient management of subsidiaries in the United States.

Acquiring new shares is determined considering the demands for finance in subsidiaries of this company.

Per Share Information

Equity per share	¥	1,141.37
Basic earnings per share	¥	204.48
Diluted earnings per share	¥	204.36