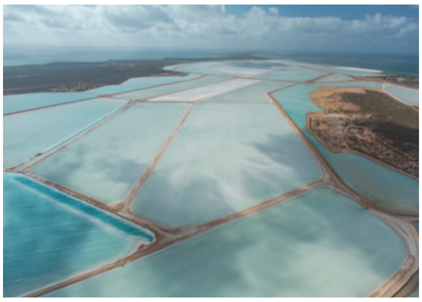
360° business innovation.

FINANCIAL REPORT FOR
MITSUI & CO. (AUSTRALIA) LTD.
FINANCIAL YEAR ENDED
31 MARCH 2017

MITSUI & CO.

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 organisation.



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.

Contents

Annual Financial Report
for the Financial Year Ended 31 March 2017

Message from the Chairman & Chief Executive Officer

In the year ended 31 March 2017, we saw moderate growth in the global economy as international commodity markets bottomed out, and trade and production showed signs of recovery.

Consumer spending is picking up in the United States and Europe. In Japan exports are increasing and investment is expected to rise ahead of the Tokyo 2020 Olympic and Paralympic Games. While China continues to experience slower economic growth in an environment of excess capacity and adjustment of debts, increases in infrastructure investment and global demand for IT are expected to support growth.

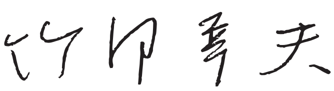
In this operating environment the consolidated entity recorded a pre-tax profit of $473 million, representing a 433.81% increase in pre-tax profits compared to the previous year. The strong result was attributed to a 394.53% increase in the consolidated entity's share of profits from associated entities, from $76 million last year to $377 million this year. This leap is attributed to stronger performance by associated entities in the coal and iron ore industries, and sale of the Bald Hills Wind Farm. While the consolidated entity recorded a 22.64% decrease in total revenue, gross profit margins remained relatively stable compared to the previous year, owing to strong contributions from Bald Hills Wind Farm holding company Mit Power Australia.

In the period ahead, the global economy is expected to follow a trend of gentle recovery. However, careful watch is needed on interest rate rises in the United States and the progress of policies under the new US administration; the UK's negotiations for exiting the EU; potential further slowdown in China; and the escalation of geopolitical risk in the Middle East and Asia.

Mitsui is focused on turning its core businesses into resilient and stable sources of profit while investing aggressively in promising areas for future growth. We are a long standing player in the resources sector, and have an additional role to support the industry with innovative technologies to lift productivity. Australia's 2020 National Renewable Energy target continues to drive demand for renewable energy. We are actively pursuing new greenfield projects, including wind and solar power generation, and energy storage opportunities.

Asian middle class demand for Australia's 'clean' and 'green' agricultural produce continues to grow and we are focused on increasing supply to these important growing markets throughout the region.

Shifts of globalisation, increasing consumer power, and relentless digital disruption continue to drive rapid changes in our operating environment. Drawing on our heritage of building and growing new businesses in constantly changing times, we will find new ways to connect information, ideas, generations and nations to sustainably create value for our stakeholders.



YUKIO TAKEBE
Chairman & Chief Executive Officer

31 July 2017

Director's Report

The directors of Mitsui & Co. (Australia) Ltd., submit herewith the annual report of the consolidated entity for the financial year ended 31 March 2017. 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 Y Takebe

Director since 1 April 2016. Joined Mitsui Group in 1983. Currently Chairman and CEO, Mitsui & Co. (Australia) Ltd. and Executive Managing Officer, Mitsui & Co. Ltd. Previously Managing Officer, Mitsui & Co. Ltd. and President & C.E.O. of PT Mitsui Indonesia. Graduated from Tohoku University, Japan, majoring in Law.

Ms W Holdenson

Director since 16 June 2014. Joined Mitsui & Co. (Australia) Ltd. in 2014. Currently Director & Chief Operating Officer, Mitsui & Co. (Australia) Ltd. Previously State Director Western Australia/South Australia/Northern Territory, Austrade. Graduated from Sophia University, Japan, obtaining a Bachelor of Arts degree, and University of New South Wales, obtaining a Master of Commerce degree.

Mr K Asano

Director since 3 March 2017. Joined Mitsui Group in 1986. Currently Director & Senior Vice President, General Manager of Perth Office, Mitsui & Co. (Australia) Ltd. Previously, General Manager, Life Essentials Division, Mitsui & Co. Ltd, Head Office Japan. Graduated from Keio University, majoring in Economics.

Mr S Koike

Director since 15 December, 2014. Joined Mitsui Group in 1982. Currently Director & Senior Vice President, General Manager of Perth Office, Mitsui & Co. (Australia) Ltd. Previously, Divisional General Manager, Steel Overseas Second Division, Mitsui & Co. Ltd, Head Office, Japan. Graduated from Keio University, Japan, majoring in Economics. Mr S Koike resigned from the company on 3 March 2017.

Mr N Ishizawa

Director since 19 October 2015. Joined Mitsui Group in 1992. Currently Director & Chief Administrative Officer, Mitsui & Co. (Australia) Ltd. Previously Deputy General Manager Food Products & Services Business Unit, Osaka Office, Mitsui & Co., Ltd. Graduated from Waseda University, Japan, majoring in Commerce.

Mr N Imai

Director since 11 June 2014. Joined Mitsui Group in 1994. Currently Director & CFO, General Manager, Financial Management Division, Mitsui & Co. (Australia) Ltd. Previously General Manager, Planning & Administration Division, Human Resources & General Affairs Division, Mitsui Bussan Financial Management, Ltd. Graduated from Hitotsubashi University, Japan, majoring in Economics.

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

In respect of the financial year ended 31 March 2017, dividends amounting to $134,000,000 and $27,290,000 (2016: $63,360,000) fully franked to 100% at 30% corporate tax rate were paid on 21 April 2016 and 24 October 2016 respectively.

Results

A summary of consolidated results is set out below:

	2017	2016
	$'000	$'000
Total Revenue	**426,793**	551,703
Profit before income tax benefit	**473,032**	88,614
Income tax (expense)/benefit	**(49,047)**	2,304
Net profit attributable to members of the parent entity	**423,985**	90,918

Review of Operations

In this operating environment the consolidated entity recorded a pre-tax profit of $473 million, representing a 433.81% increase in pre-tax profits compared to the previous year. The strong result was attributed to a 394.53% increase in the consolidated entity's share of profits from associated entities, from $76 million last year to $377 million this year. This leap is attributed to stronger performance by associated entities in the coal and iron ore industries, and sale of the Bald Hills Wind Farm. While the consolidated entity recorded a 22.64% decrease in total revenue, gross profit margins remained relatively stable compared to the previous year, owing to strong contributions from Bald Hills Wind Farm holding company Mit Power Australia.

Changes in State of Affairs

During the financial year, there was no significant change in the state of affairs of the consolidated entity.

Subsequent Events

There has not been any matter or circumstance, 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 required to comply with the Environmental Protection and Biodiversity Conservation Act 1999. Various environmental obligations also exist under the Victorian Government Planning Permits 2003/563 and TRA/03/002 granted under Victorian Planning and Environment Regulations 2005.

Indemnification of Officers and Auditors

During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the consolidated entity or of any related body corporate against a liability incurred as such by 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 annual 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 statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The directors’ report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

NORIYUKI IMAI
Director

Melbourne, 31 July 2017

Independence declaration to the directors of Mitsui & Co. (Australia) Ltd.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Mitsui & Co. (Australia) Ltd
Level 15, 120 Collins Street
MELBOURNE VIC 3000

31 July 2017

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. Ltd for the financial year ended 31 March 2017, 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

SHINJI TSUTSUI
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Mitsui & Co. (Australia) Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Mitsui & Co. (Australia) Ltd (the "Group") which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income or statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors as set out on page 9.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the group's financial position as at 31 March 2017 and of their financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group would be in the same terms if given the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

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 director's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors of the company are responsible for the other information. The other information comprises directors' report for the year ended 31 March 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view 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 directors. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, The directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

SHINJI TSUTSUI
Partner
Chartered Accountants

Melbourne, 31 July 2017

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; and

(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 company and 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

NORIYUKI IMAI
Director

Melbourne, 31 July 2017

Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 31 March 2017

		Consolidated		Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Revenue	2(a)	**240,286**	444,268	**201,586**	419,279
Cost of goods and services sold		**(191,868)**	(417,594)	**(191,868)**	(406,865)
Gross profit		**48,418**	26,674	**9,718**	12,414
Dividend income	2(a)	**-**	-	**296,010**	179,394
Other revenue	2(a)	**186,507**	107,435	**32,865**	22,205
Share of profits of associates	10	**377,229**	76,280	**-**	-
Selling, general and administrative expenses		**(56,508)**	(41,015)	**(34,157)**	(34,286)
Borrowing costs	2(b)	**(73,427)**	(80,305)	**(102)**	(2,058)
Other expenses		**(9,187)**	(455)	**(4,160)**	(206)
Profit before income tax expense		**473,032**	88,614	**300,174**	177,463
Income tax (expense)/benefit	3	**(49,047)**	2,304	**(1,506)**	396
Profit attributable to members of the parent entity		**423,985**	90,918	**298,668**	177,859
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Share of associates increase/(decrease) in hedging reserve net of tax	26	**17,979**	(31,138)	**-**	-
Fair value gain/(loss) on cash flow hedges taken to equity	26	**117**	(560)	**117**	(643)
Fair value loss on available-for-sale non-current financial asset	26	**(1,457)**	(204)	**(1,457)**	(204)
Income tax relating to components of comprehensive income	26	**440**	230	**440**	254
Other comprehensive income/(loss) for the year (net of tax)		**17,079**	(31,672)	**(900)**	(593)
Total comprehensive income for the year		**441,064**	59,246	**297,768**	177,266

Statement of Financial Position
as at 31 March 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000	Company 2017 $'000	Company 2016 $'000
Current assets					
Cash and cash equivalents	32(b)	**2,392,940**	181,293	**10,672**	9,379
Trade and other receivables	5	**494,550**	62,719	**540,925**	53,945
Other financial assets	6	**794,515**	2,286,736	**456,745**	156,615
Current tax receivable	7	**-**	165,709	**-**	165,709
Inventories	8	**2,468**	2,137	**2,468**	2,137
Other	9	**283**	3,273	**283**	226
Total current assets		**3,684,756**	2,701,867	**1,011,093**	388,011
Non-current assets					
Investments accounted for using the equity method	10	**2,028,922**	1,915,223	**-**	-
Other financial assets	11	**607,614**	1,418,426	**279,356**	403,128
Property, plant and equipment	12	**22,746**	252,583	**22,746**	13,921
Goodwill	13	**-**	6,665	**-**	-
Other intangible assets	14	**-**	44,760	**-**	-
Deferred tax assets	15	**16,062**	6,900	**3,680**	3,785
Other		**-**	1,866	**-**	-
Total non-current assets		**2,675,344**	3,646,423	**305,782**	420,834
Total assets		**6,360,100**	6,348,290	**1,316,875**	808,845
Current liabilities					
Trade and other payables	16	**406,525**	207,456	**387,510**	196,050
Borrowings	17	**2,967,793**	2,970,698	**-**	-
Other financial liabilities	18	**10,852**	54,056	**551**	1,648
Provisions	19	**739**	681	**739**	681
Current tax payable	7	**181,476**	-	**181,476**	-
Total current liabilities		**3,567,385**	3,232,891	**570,276**	198,379
Non-current liabilities					
Borrowings	20	**168,760**	765,292	**-**	-
Other financial liabilities	21	**83,404**	107,077	**-**	-
Deferred tax liabilities	22	**19,286**	15,534	**1,032**	1,261
Provisions	23	**894**	856	**894**	856
Other	24	**132**	286	**132**	286
Total non-current liabilities		**272,476**	889,045	**2,058**	2,403
Total liabilities		**3,839,861**	4,121,936	**572,334**	200,782
Net assets		**2,520,239**	2,226,354	**744,541**	608,063
Equity					
Issued capital	25	**20,000**	20,000	**20,000**	20,000
Reserves	26	**(8,568)**	(39,758)	**96,652**	97,552
Retained earnings	27	**2,508,807**	2,246,112	**627,889**	490,511
Total equity		**2,520,239**	2,226,354	**744,541**	608,063

Statement of Changes in Equity
for the Financial Year Ended 31 March 2017

	Share capital $'000	Asset revaluation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Consolidated					
Balance at 1 April 2015	20,000	(3,046)	(5,040)	2,218,554	2,230,468
Profit for the year	-	-	-	90,918	90,918
Other comprehensive income for the year	-	(143)	(31,529)	-	(31,672)
Total comprehensive income for the year	-	(143)	(31,529)	90,918	59,246
Payment of dividends	-	-	-	(63,360)	(63,360)
Balance at 31 March 2016	20,000	(3,189)	(36,569)	2,246,112	2,226,354
Balance at 1 April 2016	**20,000**	**(3,189)**	**(36,569)**	**2,246,112**	**2,226,354**
Profit for the year	**-**	**-**	**-**	**423,985**	**423,985**
Other comprehensive income for the year	**-**	**(1,020)**	**18,099**	**-**	**17,079**
Total comprehensive income for the year	**-**	**(1,020)**	**18,099**	**423,985**	**441,064**
Payment of dividends	**-**	**-**	**-**	**(161,290)**	**(161,290)**
Reversal of reserves	**-**	**-**	**14,111**	**-**	**14,111**
Balance at 31 March 2017	**20,000**	**(4,209)**	**(4,359)**	**2,508,807**	**2,520,239**
Company					
Balance at 1 April 2015	20,000	97,820	325	376,012	494,157
Profit for the year	-	-	-	177,859	177,859
Other comprehensive income for the year	-	(143)	(450)	-	(593)
Total comprehensive income for the year	-	(143)	(450)	177,859	177,266
Payment of dividends	-	-	-	(63,360)	(63,360)
Balance at 31 March 2016	20,000	97,677	(125)	490,511	608,063
Balance at 1 April 2016	**20,000**	**97,677**	**(125)**	**490,511**	**608,063**
Profit for the year	**-**	**-**	**-**	**298,668**	**298,668**
Other comprehensive income for the year	**-**	**(1,020)**	**120**	**-**	**(900)**
Total comprehensive income for the year	**-**	**(1,020)**	**120**	**298,668**	**297,768**
Payment of dividends	**-**	**-**	**-**	**(161,290)**	**(161,290)**
Balance at 31 March 2017	**20,000**	**96,657**	**(5)**	**627,889**	**744,541**

Statement of Cash Flows
for the Financial Year Ended 31 March 2017

		Consolidated		Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		**226,844**	479,253	**207,643**	455,248
Payments to suppliers and employees		**(204,638)**	(327,070)	**(193,735)**	(264,332)
Dividends received from associates		**281,519**	169,794	**296,010**	179,394
Interest received		**72,658**	113,449	**4,763**	5,510
Interest paid		**(60,769)**	(78,605)	**(102)**	(2,058)
Net income tax paid		**(208,369)**	(41,107)	**(208,369)**	(36,086)
Net cash provided by operating activities	32(a)	**107,245**	315,714	**106,210**	337,676
Cash flows from investing activities					
Loans receivable advanced		**(28,826)**	(776,274)	**(28,826)**	(167,305)
Payment for investments		**(3,143)**	(11)	**(3,143)**	(11)
Proceeds from sale of investments		**156,200**	19	**87,488**	19
Payment for property, plant and equipment		**(10,829)**	(67,084)	**(10,829)**	(8,233)
Proceeds from sale of property, plant and equipment		**12,160**	-	**11,683**	-
Net cash provided by/(used in) investing activities		**125,562**	(843,350)	**56,373**	(175,530)
Cash flows from financing activities					
Net proceeds from/(repayment of) borrowings		**2,140,130**	496,354	**-**	(99,754)
Dividends paid		**(161,290)**	(63,360)	**(161,290)**	(63,360)
Net cash provided by/(used in) financing activities		**1,978,840**	432,994	**(161,290)**	(163,114)
Net increase/(decrease) in cash and cash equivalents		**2,211,647**	(94,642)	**1,293**	(968)
Cash and cash equivalents at the beginning of the financial year		**181,293**	275,935	**9,379**	10,347
Cash and cash equivalents at the end of the financial year	32(b)	**2,392,940**	181,293	**10,672**	9,379

Notes to the Financial Statements
for the Financial Year Ended 31 March 2017

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, these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

For the purpose of preparing the financial statements, the company is a for-profit company.

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', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1054 'Australian Additional Disclosure', AASB 10 'Consolidated Financial Statements' and AASB 127 'Separate Financial Statements'.

The financial statements were authorised for issue by the directors on 31 July 2017.

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. Historical 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 the company's accounting policies, directors are 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 the directors in the application of the company's accounting policies 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.

1. Summary of Accounting Policies (continued)

Adoption of new and revised accounting standards

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

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 March 2019
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 January 2018	31 March 2019
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	31 March 2018
AASB 16 'Leases'	1 January 2019	31 March 2020

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 10 'Consolidated Financial Statements' and AASB 127 'Separate Financial Statements'. A list of controlled entities appears in Note 34 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 statement of financial position.

1. Summary of Accounting Policies (continued)

(d) *Derivative financial instruments and hedging activities*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular cash flow risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also 1. Summary of Accounting Policies (continued)

documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in the income statement within 'gains/(losses) on financial derivatives'. Changes in the fair value of the derivative attributable to hedged risk are recognised in the income statement within the respective income or expense line item (e.g. 'finance cost' if hedging interest rate risk; 'revenue' if hedging forecasted future sales).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'gains/(losses) on financial derivatives'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'gains/(losses) on financial derivatives'.

(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.

1. Summary of Accounting Policies (continued)

(f) Foreign Currency

The financial statements for the consolidated entity are presented in the currency of the primary economic environment in which the consolidated entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the consolidated entity are expressed in Australian dollars ('$'), which is the functional currency of the consolidated entity and the presentation currency for the financial statements.

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) Investments and Financial assets

Recognition and measurement

Purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

Financial assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, (except for financial assets that are irrevocably designated to be measured at fair value through profit or loss on initial recognition), on the basis of both:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset may be designated as at fair value through profit or loss if:

- It is held for trading; or
- Upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

1. Summary of Accounting Policies (continued)

(g) Investments and Financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Loans and receivables

Trade receivables, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(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).

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.

1. Summary of Accounting Policies (continued)

(j) Income tax (continued)

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.

(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.

1. Summary of Accounting Policies (continued)

(l) Investments in associates (continued)

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) Leasing

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

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Profit and Loss.

(p) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

1. Summary of Accounting Policies (continued)

(p) Business combinations (continued)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal Groups) that are classified as held for sale in accordance with AASB 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the consolidated entity obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(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.

1. Summary of Accounting Policies (continued)

(r) Intangible assets (continued)

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.

(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 contract.

2. Profit from operations

	Consolidated		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Profit before income tax includes the following items of revenue and expense:				
(a) Revenue				
Sales revenue:				
Sale of goods	**236,968**	441,076	**198,268**	416,087
Rendering of services	**3,318**	3,192	**3,318**	3,192
	240,286	444,268	**201,586**	419,279
Dividends:				
Controlled entities	**-**	-	**14,491**	9,600
Associated entities	**-**	-	**281,519**	169,794
	-	-	**296,010**	179,394
Other revenue:				
Interest revenue:				
Ultimate parent entity	**-**	373	**-**	255
Controlled entity	**-**	-	**3,138**	3,419
Related bodies corporate:				
Wholly-owned group	**44,426**	25,749	**929**	31
Other parties	**35,437**	56,320	**685**	1,819
Management fees:				
Ultimate parent entity	**9,437**	7,949	**9,437**	7,949
Controlled entities	**-**	-	**1,050**	1,913
Related bodies corporate:				
Wholly-owned group	**5,214**	4,601	**5,214**	4,601
Other parties	**32**	53	**32**	53
Gain on sale of investment	**72,491**	-	**-**	-
Other income	**19,470**	12,390	**12,380**	2,165
	186,507	107,435	**32,865**	22,205
	426,793	551,703	**530,461**	620,878
(b) Expenses				
Foreign exchange losses	**-**	21	**-**	21
Interest:				
Controlled entities	**-**	23	**75**	1,768
Related bodies corporate:				
Wholly-owned group	**49,572**	65,250	**6**	18
Other parties	**23,855**	15,032	**21**	272
Borrowing costs	**73,427**	80,305	**102**	2,058
Operating lease rental expense	**2,144**	2,503	**2,144**	2,503
Net transfers (from)/to provisions:				
Employee entitlements	**59**	55	**59**	55
Depreciation of property, plant and equipment	**13,226**	1,138	**1,362**	1,071
Loss on disposal of property, plant and equipment	**-**	4	**-**	4
Loss on disposal of investment	**4,160**	-	**4,160**	-

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:

	Consolidated		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Profit from operations	**473,032**	88,614	**300,174**	177,463
Income tax expense calculated at 30%	**141,910**	26,585	**90,052**	53,239
Non-assessable dividends	**-**	116	**(88,730)**	(53,702)
Share of profits of associates accounted for using the equity method	**(113,169)**	(22,884)	**-**	-
Effect of undistributed earning from associates	**-**	(7,124)	**-**	-
Non deductible entertainment and other items	**1,713**	17	**137**	17
Income tax relating to other adjustments	**18,544**	1,018	**374**	82
(Over)/ underprovision of prior year	**49**	(32)	**(327)**	(32)
Income tax (benefit)/expense attributable to profit from ordinary activities	**49,047**	(2,304)	**1,506**	(396)

4. Remuneration of auditors

	Consolidated		Company	
	2017 $	2016 $	**2017 $**	2016 $
Deloitte Touche Tohmatsu Australian Firm				
Audit or review of financial statements	**493,850**	482,435	**397,300**	348,800
Other assurance services	**60,800**	182,900	**43,000**	148,100
	554,650	665,335	**440,300**	496,900

The auditor of the Company is Deloitte Touche Tohmatsu.

5. Trade and other receivables

	Consolidated		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
At amortised cost				
Trade receivables	**-**	31,592	**58,334**	31,592
Other receivables	**494,550**	31,127	**482,591**	22,353
	494,550	62,719	**540,925**	53,945

6. Current other financial assets

	Consolidated		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
At amortised cost				
Loans to:				
Controlled entities	**-**	-	**425,794**	-
Related bodies corporate:				
Director	**516**	-	**516**	594
Wholly owned group	**777,245**	2,196,415	**30,048**	155,591
Other parties	**8,355**	594	**105**	-
	786,116	2,197,009	**456,463**	156,185
At fair value				
Foreign currency forward contracts	**8,399**	89,727	**282**	430
	794,515	2,286,736	**456,745**	156,615

7. Current tax receivable/(payable)

Current tax receivable from related parties	**-**	165,709	**-**	165,709
Current tax payable to ATO	**(181,476)**	-	**(181,476)**	-

8. Current inventories

Finished goods on hand and in transit:				
At cost	**2,468**	2,137	**2,468**	2,137

9. Other current assets

Prepayments	**283**	1,418	**283**	226
Intangible Assets	**-**	1,030	**-**	-
Assets available for sale	**-**	825	**-**	-
	283	3,273	**283**	226

10. Investments accounted for using the equity method

	Consolidated		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Investments in associates:				
Non-current	**2,028,922**	1,915,223	**-**	-

		Ownership interest	
		2017	2016
Name of entity	Principal Activity	**%**	%
Mitsui Coal Holdings Pty Limited	Coal	**30.0**	30.0
Mitsui Iron Ore Corporation Pty Ltd	Iron ore	**20.0**	20.0
Mitsui Iron Ore Development Pty Ltd	Iron ore	**20.0**	20.0
Mitsui Iron Ore Exploration and Mining 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
BHP Mitsui Coal Pty Ltd	Coal	**6.7**	6.7
Mittwell Energy Resources Pty Ltd	Oil	**0.0**	5.0
Komatsu Australia Corporate Finance Pty Ltd	Finance	**4.0**	4.0
Komatsu Marketing Support Australia Pty Ltd	Industrial machinery	**4.0**	4.0

10. Investments accounted for using the equity method (cont'd)

Summarised financial information of associates:

	Consolidated		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current assets	**6,235,029**	5,298,030	**-**	-
Non-current assets	**9,782,351**	10,085,142	**-**	-
Total assets	**16,017,380**	15,383,172	**-**	-
Current liabilities	**(1,580,802)**	(1,313,218)	**-**	-
Non-current liabilities	**(2,748,451)**	(2,956,488)	**-**	-
Total liabilities	**(4,329,253)**	(4,269,706)	**-**	-
Net assets	**11,688,127**	11,113,466	**-**	-
Revenue	**6,937,469**	5,810,621	**-**	-
Net profit	**1,775,429**	684,508	**-**	-
Share of associates' profit or loss				
Current year:				
Share of profit before income tax	**514,169**	86,273	**-**	-
Income tax expense	**(136,940)**	(9,993)	**-**	-
Total share of associates' profit	**377,229**	76,280	**-**	-

Dividends from associates

During the current year the consolidated entity received dividends from associates amounting to $281,519 thousand (2016: $169,794 thousand).

11. Non current other financial assets

Shares in controlled entities:				
At cost	**-**	-	**350**	87,838
			350	87,838
Investments in associates (at cost)	**-**	-	**261,749**	266,004
Other	**16,704**	15,036	**16,704**	15,018
	16,704	15,036	**278,803**	368,860
At fair value:				
Currency and interest rate swaps	**84,245**	80,012	**-**	-
At amortised cost:				
Long term loans to:				
Controlled entities	**-**	-	**-**	34,268
Related bodies corporate:				
Wholly owned group	**485,998**	1,321,378	**-**	-
Other parties	**20,667**	-	**553**	-
	607,614	1,418,426	**279,356**	403,128

12. 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 2016	3,222	7,261	2,741	254,618	3,584	271,426
Additions	3,550	6,108	550	579	42	10,829
Transfer	-	(609)	-	-	609	-
Disposals	(420)	(2,580)	(789)	(247,999)	(71)	(251,859)
Balance at 31 March 2017	6,352	10,180	2,502	7,198	4,164	30,396
Accumulated depreciation						
Balance at 31 March 2016	-	4,425	1,889	10,590	1,939	18,843
Depreciation expense	-	320	193	10,327	618	11,458
Transfer	-	(1,196)	-	-	1,196	-
Disposals	-	(2,385)	(759)	(19,495)	(12)	(22,651)
Balance at 31 March 2017	-	1,164	1,323	1,422	3,741	7,650
Net book value						
As at 31 March 2016	3,222	2,836	852	244,028	1,645	252,583
As at 31 March 2017	6,352	9,016	1,179	5,776	423	22,746

	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 2016	3,220	11,912	2,878	1,938	3,513	23,461
Additions	3,550	6,108	550	579	42	10,829
Transfer	-	(609)	-	-	609	-
Disposals	(420)	(2,580)	(773)	(119)	-	(3,892)
Balance at 31 March 2017	6,350	14,831	2,656	2,397	4,164	30,398
Accumulated depreciation						
Balance at 31 March 2016	-	4,913	2,034	1,247	1,346	9,540
Depreciation expense	-	320	192	235	612	1,359
Transfer	-	(1,196)	-	-	1,196	-
Disposals	-	(2,381)	(748)	(118)	-	(3,247)
Balance at 31 March 2017	-	1,656	1,478	1,364	3,154	7,652
Net book value						
As at 31 March 2016	3,220	6,999	844	691	2,167	13,921
As at 31 March 2017	6,350	13,175	1,178	1,033	1,010	22,746

13. Goodwill

	Consolidated		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Gross carrying amount on acquisition of Bald Hills Wind Farm Pty Ltd	**-**	6,665	**-**	-

14. Other intangible assets

Gross carrying amount	**-**	44,760	**-**	-

Other intangible assets represent development expenditure of Bald Hills Wind Farm Pty Ltd after construction is completed and available for use. On 28 February 2017, the consolidated entity sold its investment in Bald Hills Wind Farm Pty Ltd resulting in a nil balance of other intangible assets as at 31 March 2017 (2016: $44 million).

15. Deferred tax assets

Deferred tax asset attributable to:				
Temporary differences	**16,062**	6,900	**3,680**	3,785

16. Current trade and other payables

Trade creditors - unsecured	**59,315**	27,480	**57,035**	25,654
Amount owing to related bodies corporate:				
Wholly owned group	**154,178**	156,647	**141,324**	164,381
Other creditors	**193,032**	23,329	**189,151**	6,015
	406,525	207,456	**387,510**	196,050

17. Current borrowings

At amortised cost				
Unsecured:				
Short term borrowings:				
Controlled entities	**-**	-	**-**	-
Related bodies corporate:				
Wholly-owned group	**2,655,652**	2,965,112	**-**	-
Other related parties	**212,141**	-	**-**	-
Other parties	**100,000**	5,586	**-**	-
	2,967,793	2,970,698	**-**	-

18. Other current financial liabilities

	Consolidated		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
At fair value				
Foreign currency forward contracts	**10,763**	21,609	**551**	1,648
Interest rate swaps	**89**	32,447	**-**	-
	10,852	54,056	**551**	1,648

19. Current provisions

Employee entitlements	**739**	681	**739**	681

20. Non-current borrowings

At amortised cost				
Unsecured:				
Long term borrowings from other parties	**168,760**	765,292	**-**	-

21. Other non-current financial liabilities

At fair value				
Interest rate swaps	**83,404**	107,077	**-**	-

22. Deferred tax liabilities

Deferred tax liabilities attributable to: Temporary differences	**19,286**	15,534	**1,032**	1,261

23. Non-current provisions

Employee entitlements	**894**	856	**894**	856

24. Other non-current liabilities

Lease incentives (refer note 30(a))	**132**	286	**132**	286

25. Issued capital

	Consolidated		Company	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at 31 March 2015	**10,000,000**	20,000,000	**10,000,000**	20,000,000
Issue of shares	**-**	-	**-**	-
Balance at 31 March 2016	**10,000,000**	20,000,000	**10,000,000**	20,000,000
Issue of shares	**-**	-	**-**	-
Balance at 31 March 2017	**10,000,000**	20,000,000	**10,000,000**	20,000,000

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.

26. Reserves

	Consolidated		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Asset revaluation	**(4,209)**	(3,189)	**96,657**	97,677
Hedging	**(4,359)**	(36,569)	**(5)**	(125)
	(8,568)	(39,758)	**96,652**	97,552
Asset revaluation reserve				
Balance at the beginning of the financial year	**(3,189)**	(3,046)	**97,677**	97,820
Gain arising on revaluation of non-current available-for-sale financial asset	**(1,457)**	(204)	**(1,457)**	(204)
Income tax related to gain arising on revaluation of non-current available-for sale financial assets	**437**	61	**437**	61
Balance at the end of the financial year	**(4,209)**	(3,189)	**96,657**	97,677
Hedging reserve				
Balance at the beginning of the financial year	**(36,569)**	(5,040)	**(125)**	325
Profit/(loss) recognised on:				
- Forward exchange contracts	**(8)**	(235)	**(8)**	(318)
Transferred to profit or loss				
- Forward exchange contracts	**125**	(325)	**125**	(325)
Income tax on hedges	**3**	169	**3**	193
Reversal of reserve	**14,111**	-	**-**	-
Share of associates increase/(decrease) in hedging reserve net of tax	**17,979**	(31,138)	**-**	-
Balance at the end of the financial year	**(4,359)**	(36,569)	**(5)**	(125)

27. Retained earnings

	Consolidated		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**2,246,112**	2,218,554	**490,511**	376,012
Net profit attributable to members of the parent entity	**423,985**	90,918	**298,668**	177,859
Dividends paid or provided for	**(161,290)**	(63,360)	**(161,290)**	(63,360)
Balance at the end of the financial year	**2,508,807**	2,246,112	**627,889**	490,511

28. Dividends

Interim dividends paid or provided for, fully franked at 30%	**161,290**	63,360	**161,290**	63,360

29. Economic dependency

The group was dependent during the financial year upon its ultimate parent company, Mitsui & Co., Ltd, incorporated in Japan, for a significant volume of its trading transactions. A subsidiary company, Mitsui & Co. Financial Services (Australia) Ltd, had a significant volume of its transactions, in its capacity as a provider of corporate finance services to the Australian Mitsui group, with fellow subsidiary entities of the ultimate parent entity, Mitsui & Co. Ltd.

The majority of the current borrowings are through Mitsui & Co. Financial Services (Australia) Ltd, in its capacity as a provider of corporate finance services to the Australian Mitsui group. Therefore the ability of the group to continue to provide corporate finance services through Mitsui & Co. Financial Services (Australia) Ltd requires the continued support of those entities. To this effect, Mitsui & Co. Financial Services (Australia) Ltd has in place facilities to continue to provide corporate services to the Australian Mitsui group as well as the ultimate parent company has provided a letter of guarantee to Mitsui & Co. Financial Services (Australia) Ltd for providing comfort over the current assets.

30. Expenditure commitments

	Consolidated 2017 $'000	Consolidated 2016 $'000	Company 2017 $'000	Company 2016 $'000
(a) Lease commitments				
Non cancellable operating leases relating to office premises, office equipment, land and motor vehicles:				
Not longer than one year	**2,590**	2,491	**2,590**	2,491
Longer than one year but not longer than five years	**1,605**	4,195	**1,605**	4,195
Longer than five years	**-**	-	**-**	-
	4,195	6,686	**4,195**	6,686
In respect of non-cancellable operating leases, the following liabilities have been recognised:				
Current:				
Lease incentives	**-**	-		-
Non-current:				
Lease incentives (refer note 24)	**132**	286	**132**	286
	132	286	**132**	286
(b) Commodity purchase commitments				
Aggregate commodity purchase commitments contracted for at balance date but not provided for in the financial statements:				
No longer than one year	**9,944**	6,698	**9,944**	6,698

31. Contingent liabilities

Contingent liabilities not provided for in the financial statements at the end of the financial year are:

	Consolidated 2017 $'000	Consolidated 2016 $'000	Company 2017 $'000	Company 2016 $'000
(a) Guarantees given in respect of borrowings by controlled entities	**-**	-	**406,696**	445,521
(b) The company has given performance guarantees in respect of various contracts to other corporations	**82,035**	92,353	**82,035**	92,353

32. Notes to cash flow statement

	Consolidated		Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
(a) Reconciliation of profit for the year to net cash flows from operating activities:				
Profit for the year	**423,985**	90,918	**298,668**	177,859
Add/(less):				
Net (gain)/loss on disposal of property, plant & equipment	**(10,707)**	4	**(11,040)**	4
Net (gain)/loss on sale of investment	**(62,192)**	-	**4,160**	9
Depreciation	**13,226**	1,138	**1,362**	1,070
Interest expense	**3,386**	-	**-**	-
(Gain)/loss on fair value revaluation of financial assets through the profit or loss	**1,551**	-	**1,551**	-
Reversal of BHWF intangibles	**(6,140)**	-	**-**	-
Share of associates profits (less dividends)	**(97,778)**	124,679	**-**	-
(Increase)/decrease in deferred tax asset	**(9,162)**	5,884	**105**	(628)
(Increase)/decrease in current tax receivable	**369,882**	(124,704)	**347,186**	(124,644)
Increase/(decrease) in deferred tax liability	**(5,674)**	(9,063)	**(229)**	(1,939)
Increase/(decrease) in hedge reserve	**(900)**	31,672	**(900)**	(450)
Changes in assets and liabilities				
(Increase)/decrease in assets:				
Trade and other receivables	**(27,532)**	38,369	**(11,004)**	42,369
Other financial assets	**(551,317)**	(32,623)	**(554,356)**	1,390
Inventories	**(331)**	140,082	**(331)**	140,082
Other	**(57)**	(3,204)	**(57)**	27,776
Increase/(decrease) in liabilities:				
Trade and other payables	**70,386**	52,415	**32,250**	74,358
Other financial liabilities	**(3,323)**	201	**(1,097)**	475
Other provisions	**96**	55	**96**	55
Other	**(154)**	(109)	**(154)**	(110)
Net cash provided by operating activities	**107,245**	315,714	**106,210**	337,676
(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	**2,392,940**	181,293	**10,672**	9,379

33. Parent entity

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

34. Details of controlled entities

	Country of Incorporation	Ownership Interest 2017 %	2016 %
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	**0**	100
MIT Power Australia Pty Ltd	Australia	**100**	100

35. 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 company, the results of those operations, or the state of affairs of the company in future financial years.

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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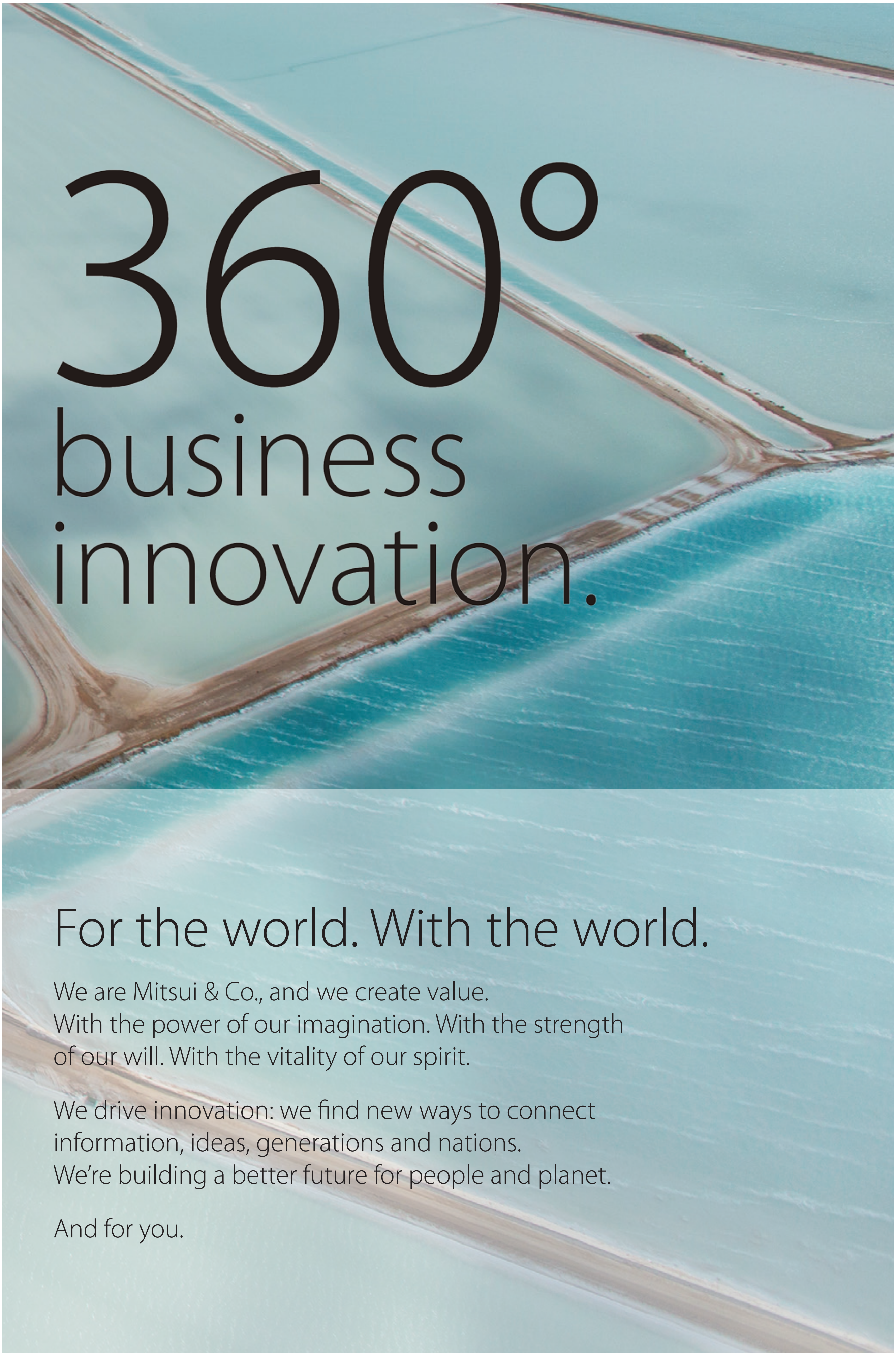

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We drive innovation: we find new ways to connect information, ideas, generations and nations.
We're building a better future for people and planet.

And for you.

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