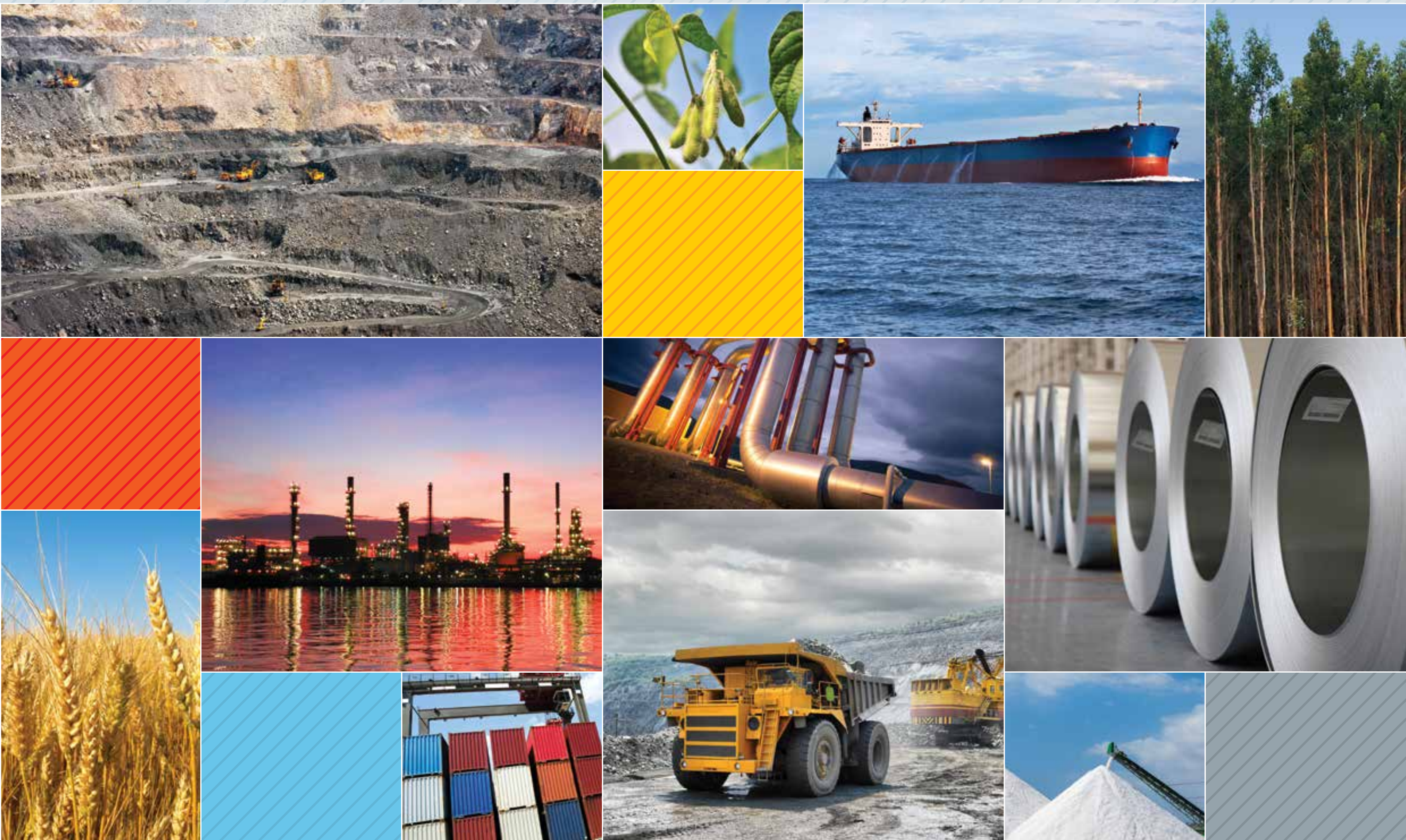
2013

MITSUI & CO. (AUSTRALIA) LTD.

Financial Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013



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 2013

Message from the Chairman & Managing Director

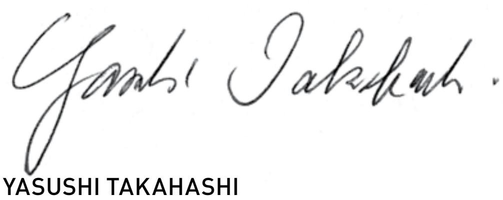
Over the past financial year we have continued to operate in an uncertain business environment. During the first half of the fiscal year, we faced concerns of a further slowdown in the global economy, as the effects from the financial crisis in Europe spilt over to emerging economies. We also saw a temporary slowdown in the Chinese economy, due to a decline in export volumes to the euro area and sluggish real estate investments.

The consolidated entity recorded a 52.2% decrease in profit after tax compared to the previous year. In particular, the consolidated entity's share of profits of associated entities was down by 52.4% from $557,447 million last year to $265,152 million this year due to decreased sales prices, sales volumes, and profits of associated entities in the coal and iron ore industries. The consolidated entity's sales revenue decreased by 26.2% due to the decreases in the sales volume from Steel and Energy's trading business however net gross profit increased by 21.3% compared to the previous year. (Net GP including foreign exchange gain and loss which is classified to Non operating profit decreased by 2.2%).

Looking ahead to the coming year we are observing signs of improvement in the global economy. In China we expect a steady 7–8% per annum growth, as monetary policy easing, modest stimulus packages, and infrastructure investment takes effect. In Japan, significant easing of monetary policy, rapid depreciation of the yen, as well as rising stock prices, are leading to an expectation that corporate performance and the economic climate will start to pick up.

As a short-term impact we have seen some adjustments in the resources market. However, in the mid-to-long term, we expect Australia to achieve robust growth. Given Australia's abundance of competitive resources and close proximity to rapidly growing markets in Asia, as well as the prospect of new bilateral and multilateral free trade agreements being concluded between Australia and Asia Pacific countries, we believe that there are excellent prospects to further grow our business.

In the period ahead we will work on the expansion and diversification of our business in Australia and will focus on the growth of our grain, food and forestry businesses. We will continue to remain committed to enhancing the development of our mineral and energy resources businesses, as well as resources-related businesses such as steel products, chemicals and mining equipment. Leveraging synergies between our diversified businesses, we will position Australia as an important supplier of various commodities to growing Asian markets. As Chairman and Managing Director, I will make utmost efforts to energize Mitsui Australia, and create shared value for all of our stakeholders in Australia.



YASUSHI TAKAHASHI
CHAIRMAN AND MANAGING DIRECTOR
09 August 2013

Directors' Report

The directors of Mitsui & Co. (Australia) Ltd., submit herewith the annual report of the consolidated entity for the financial year ended 31 March 2013. 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 Takahashi Director since 1 April 2013. Currently Managing Director, Mitsui & Co. (Australia) Ltd and Managing Officer, Mitsui & Co. Ltd. Previously Managing Officer, Chief Operating Officer, Mineral & Metal Resources Business Unit, Mitsui & Co. Ltd. Graduated from Keio University, Japan, majoring in Law.

Mr D Akita Director since 1 April 2011. Joined Mitsui Group in 1976. Currently Managing Director, Mitsui & Co. (Australia) Ltd. Previously Deputy Chief Operating Officer, Basic Chemicals Business Unit, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Keio University, Japan, majoring in Law and Political Science. Mr D Akita resigned from the company on 1 April 2013.

Mr M Saito Director since 6 July 2012. Joined Mitsui Group in 1980. Currently Deputy Managing Director, Mitsui & Co. (Australia) Ltd and General Manager of Melbourne Office, Mitsui & Co. (Australia) Ltd. Previously General Manager, Nuclear Fuel Division, Energy Business Unit I, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Hitotsubashi University, Japan, majoring in Economics. Mr M Saito resigned from the company on 19 July 2013.

Mr M Sakimoto Director since 13 September 2012. Joined Mitsui Group in 1995. Currently General Manager, Financial Management Division, Mitsui & Co. (Australia) Ltd. Previously Manager, Energy, Logistics & Financial Investment Administration Department, Investment Administration Division, Mitsui & Co. Ltd, Head Office, Japan. Graduated from Keio University, Japan, majoring in Economics.

Mr K Ota Director since 10 June 2012. Joined Mitsui Group in 1987. Currently General Manager, Financial Management Division, Mitsui & Co. (Australia) Ltd. Previously Deputy General Manager, Investment Management Department, Planning and Administration Division, Consumer Service Business Unit, Mitsui & Co., Ltd, Head Office, Japan. Graduated from Keio University, Japan, majoring in Economics. Mr K Ota resigned from the company on 13 September 2012.

Mr T Kubota Director since 27 January 2011. Joined Mitsui Group in 1987. Currently General Manager, Corporate Planning Division, Mitsui & Co. (Australia) Ltd. Previously General Manager, Mineral and Metal Resources Business Unit, Non Ferrous Raw Materials First Division, Base Metals Marketing Department, Mitsui & Co. Ltd, Head Office, Japan. Graduated from Tokyo University, Japan, majoring in Economics.

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 2013, dividends amounting to $117,020,000 fully franked to 100% at 30% corporate tax rate were paid on 31 October 2012 ($36,000,000), 31 January 2013 ($45,000,000) and 22 March 2013 ($36,020,000).

Results

A summary of consolidated results is set out below:

	2013 $'000	2012 $'000
Total Revenue	764,437	1,042,081
Profit before income tax expense	267,121	563,419
Income tax expense	1,165	(2,039)
Net profit attributable to members of the parent entity	268,286	561,380

Review of Operations

The consolidated entity recorded a 52.2% decrease in profit after tax compared to the previous year. In particular, the consolidated entity's share of profits of associated entities was down by 52.4% from $557,447 million last year to $265,152 million this year due to decreased sales prices, sales volumes, and profits of associated entities in the coal and iron ore Industries. The consolidated entity's sales revenue decreased by 26.2% due to the decreases in the sales volume from Steel and Energy's trading business however net gross profit increase by 21.3% compared to the previous year. (Net GP including foreign exchange gain and loss which is classified to Non operating profit decreased by 2.2%).

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

Indemnification of Officers and Auditors

During or since the 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 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

Yasushi Takahashi

Yasushi Takahashi
Director
Melbourne, 09 August 2013

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 40, 120 Collins Street
Melbourne NSW 2000

09 Aug 2013

Dear Board Members

Mitsui & Co. (Australia) Ltd

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

As lead audit partner for the audit of the financial statements of Mitsui & Co. (Australia) Ltd for the financial year ended 31 March 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Dreyer

Margaret Dreyer
Partner
Chartered Accountants

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

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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We have audited the accompanying financial report, being a special purpose financial report, of Mitsui & Co. (Australia) Ltd, which comprises the balance sheet as at 31 March 2013, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 10 to 37.

Directors' Responsibility for the Financial Report

The directors of the company 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 members. The directors' 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.

Auditor's Responsibility

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

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

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

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

Auditor's Independence Declaration

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

Opinion

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

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 31 March 2013 and of their performance for the year ended on that date; and

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

Basis of Accounting

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

DELOITTE TOUCHE TOHMATSU

Margaret Dreyer
Partner
Chartered Accountants

Sydney, 09 Aug 2013

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 consolidated entity 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

Yasushi Takahashi
Director

Melbourne, 09 Aug 2013

Statement of Comprehensive Income

for the Financial Year Ended 31 March 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Revenue	2(a)	646,674	875,674	646,674	875,674
Cost of goods and services sold		(627,164)	(859,596)	(627,164)	(859,596)
Gross profit		19,510	16,078	19,510	16,078
Dividend income	2(a)	–	–	125,110	274,688
Other revenue	2(a)	117,763	166,407	46,168	73,914
Share of profits of associates	10	265,152	557,447	–	–
Selling, general and administrative expenses		(36,964)	(36,956)	(36,725)	(36,616)
Borrowing costs	2(b)	(93,648)	(139,226)	(29,567)	(54,420)
Other net expenses		(4,692)	(331)	(4,429)	(141)
Profit before income tax expense		267,121	563,419	120,067	273,503
Income tax (expense)/benefit	3	1,165	(2,039)	4,243	1,487
Profit attributable to members of the parent entity		268,286	561,380	124,310	274,990
Other comprehensive income					
Share of associates (decrease)/increase in asset revaluation reserve net of tax	28	(2,633)	(499)	–	–
Share of associates decrease in hedging reserve net of tax	28	1,319	(4,594)	–	–
Deferred exchange gain taken to equity	28	69	(35)	69	(35)
Value gain/(loss) on cash flow hedges taken to equity	28	1,160	506	1,160	506
Deferred income tax relating to components of comprehensive income	28	104	(340)	104	(340)
Other comprehensive (loss)/income for the year (net of tax)		19	(4,962)	1,333	131
Total comprehensive income for the year		268,305	556,418	125,643	275,121

Notes to the financial statements are included on pages 14 to 41

Balance Sheet

as at 31 March 2013

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Current assets					
Cash and cash equivalents	34(b)	501,132	949,938	29,121	518,759
Trade and other receivables	5	212,846	704,998	234,163	697,725
Other financial assets	6	755,437	572,729	9,819	260,691
Current tax receivable	7	54,698	–	–	–
Inventories	8	139,445	55,878	139,445	55,878
Other	9	14,900	1,010	14,432	781
Total current assets		1,678,458	2,284,553	426,980	1,533,834
Non-current assets					
Investments accounted for using the equity method	10	1,750,941	1,611,421	–	–
Other financial assets	11	451,316	583,391	578,755	617,357
Property, plant and equipment	12	5,316	5,686	5,233	5,573
Goodwill	13	5,676	5,676	–	–
Other intangible assets	14	11,596	8,397	–	–
Deferred tax assets	15	8,743	11,598	7,295	9,389
Total non-current assets		2,233,588	2,226,169	591,283	632,319
Total assets		3,912,046	4,510,722	1,018,263	2,166,153
Current liabilities					
Trade and other payables	16	228,220	461,797	195,847	451,739
Borrowings	17	1,646,322	1,925,840	200,235	959,729
Other financial liabilities	18	6,168	12,564	1,473	3,350
Current tax payable	19	–	255,944	2,300	255,944
Provisions	20	509	337	509	337
Other	21	330	272	330	272
Total current liabilities		1,881,549	2,656,754	400,694	1,671,371
Non-current liabilities					
Borrowings	22	112,185	86,780	200,000	88,602
Other financial liabilities	23	24,583	25,151	11,418	8,262
Deferred tax liabilities	24	9,554	8,236	4,938	4,417
Provisions	25	4,829	5,483	527	1,181
Other	26	480	737	480	737
Total non-current liabilities		151,631	126,387	217,363	103,199
Total liabilities		2,033,180	2,783,141	618,057	1,774,570
Net assets		1,878,866	1,727,581	400,206	391,583
Equity					
Issued capital	27	20,000	20,000	20,000	20,000
Reserves	28	(4,635)	(4,654)	95,543	94,210
Retained earnings	29	1,863,501	1,712,235	284,663	277,373
Total equity		1,878,866	1,727,581	400,206	391,583

Notes to the financial statements are included on pages 14 to 41

Statement of Changes in Equity

for the Financial Year Ended 31 March 2013

	Share capital $'000	Asset revaluation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Consolidated					
Balance at 1 April 2011	20,000	(2,015)	2,323	1,412,855	1,433,163
Profit for the year	–	–	–	561,380	561,380
Other comprehensive income for the year	–	(499)	(4,463)	–	(4,962)
Total comprehensive income for the year	–	(499)	(4,463)	561,380	556,418
Payment of dividends	–	–	–	(262,000)	(262,000)
Balance at 31 March 2012	20,000	(2,514)	(2,140)	1,712,235	1,727,581
Balance at 1 April 2012	20,000	(2,514)	(2,140)	1,712,235	1,727,581
Profit for the year	–	–	–	268,286	268,286
Other comprehensive income for the year	–	(2,633)	2,652	–	19
Total comprehensive income for the year	–	(2,633)	2,652	268,286	268,305
Payment of dividends	–	–	–	(117,020)	(117,020)
Balance at 31 March 2013	20,000	(5,147)	512	1,863,501	1,878,866
Company					
Balance at 1 April 2011	20,000	95,718	(1,639)	264,383	378,462
Profit for the year	–	–	–	274,990	274,990
Other comprehensive income for the year	–	–	131	–	131
Total comprehensive income for the year	–	–	131	274,990	275,121
Payment of dividends	–	–	–	(262,000)	(262,000)
Balance at 31 March 2012	20,000	95,718	(1,508)	277,373	391,583
Balance at 1 April 2012	20,000	95,718	(1,508)	277,373	391,583
Profit for the year	–	–	–	124,310	124,310
Other comprehensive income for the year	–	–	1,333	–	1,333
Total comprehensive income for the year	–	–	1,333	124,310	125,643
Payment of dividends	–	–	–	(117,020)	(117,020)
Balance at 31 March 2013	20,000	95,718	(175)	284,663	400,206

Notes to the financial statements are included on pages 14 to 41

Cash Flow Statement

for the Financial Year Ended 31 March 2013

		Consolidated		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash flows from operating activities					
Receipts from customers		838,786	846,782	842,567	847,673
Payments to suppliers and employees		(1,159,489)	(699,347)	(1,162,003)	(698,595)
Dividends received		124,321	274,688	125,110	274,688
Interest received		113,823	182,112	44,204	79,773
Interest paid		(107,781)	(175,035)	(40,152)	(72,393)
Net income tax received/(paid)		170,372	(247,768)	174,907	(252,631)
Net cash provided by operating activities	34(a)	(19,968)	181,432	(15,367)	178,515
Cash flows from investing activities					
Current loans receivable (advanced)/paid		(188,893)	134,717	249,452	(148,282)
Non-current loans receivable (advanced)/repaid		134,796	(83,224)	37,021	67
Payment for investments		(42)	(36)	–	(36)
Proceeds from sale of investments		–	–	4,735	–
Payment for intangible assets		(3,199)	(753)	–	–
Payment for property, plant and equipment		(367)	(60)	(363)	(50)
Net cash provided by/(used in) investing activities		(57,705)	50,644	290,845	(148,301)
Cash flows from financing activities					
Proceeds from/(Repayment of) short term borrowings		(279,518)	469,202	(847,309)	676,860
Proceeds from/(Repayment of) long term borrowings		25,405	(230,426)	199,213	(255,573)
Dividends paid		(117,020)	(262,000)	(117,020)	(262,000)
Net cash (used in)/provided by financing activities		(371,133)	(23,224)	(765,116)	159,287
Net increase/(decrease) in cash and cash equivalents		(448,806)	208,852	(489,638)	189,501
Cash and cash equivalents at the beginning of the financial year		949,938	741,086	518,759	329,258
Cash and cash equivalents at the end of the financial year	34(b)	501,132	949,938	29,121	518,759

Notes to the financial statements are included on pages 14 to 41

Notes to the Financial Statements

for the Financial Year Ended 31 March 2013

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' and AASB 127 ' Consolidated and Separate Financial Statements'.

The financial statements were authorised for issue by the directors on 09 Aug 2013.

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.

Adoption of new and revised accounting standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2012.

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

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

1. Summary of Accounting Policies (continued)

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	31 March 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	31 March 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	31 March 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	31 March 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	31 March 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	31 March 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	31 March 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	31 March 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	31 March 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	31 March 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	31 March 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	31 March 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	31 March 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	31 March 2014

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

1. Summary of Accounting Policies (continued)

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

(a) Principles of consolidation

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

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

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

(b) Borrowings

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

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

(c) Cash and cash equivalents

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

(d) Derivative financial instruments

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

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

<u>Fair value hedge</u>

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

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

<u>Cash flow hedge</u>

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

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

1. Summary of Accounting Policies (continued)

(d) Derivative financial instruments (continued)

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

Derivatives that do not qualify for hedge accounting

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

Embedded derivatives

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

(e) Employee benefits

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

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

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

(f) Foreign Currency

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) Financial assets

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

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

1. Summary of Accounting Policies (continued)

(g) Financial assets (continued)

Financial assets at fair value through profit or loss

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

Available-for-sale financial assets

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are recorded at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial asset are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(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.

1. Summary of Accounting Policies (continued)

(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

<u>Current tax</u>

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).

<u>Deferred tax</u>

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

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

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

1. Summary of Accounting Policies (continued)

(j) Income tax (continued)

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.

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.

1. Summary of Accounting Policies (continued)

(l) Investments in associates (continued)

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 of 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 contact.

2. Profit from operations

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Profit before income tax includes the following items of revenue and expense:				
(a) Revenue				
Sales revenue:				
Sale of goods	636,726	860,573	636,726	860,573
Rendering of services	9,948	15,101	9,948	15,101
	646,674	875,674	646,674	875,674
Dividends:				
Controlled entities	–	–	–	–
Associated entities	–	–	125,110	274,688
	–	–	125,110	274,688
Other revenue:				
Foreign exchange gain	–	2,242	–	2,196
Interest revenue:				
Ultimate parent entity	2,150	159	2,150	159
Controlled entity	–	–	8,490	13,874
Related bodies corporate:				
Wholly-owned group	65,735	102,377	23,093	47,649
Other parties	38,425	52,512	–	–
Management fees:				
Ultimate parent entity	6,999	5,033	6,964	5,033
Controlled entities	–	–	919	919
Related bodies corporate:				
Wholly-owned group	3,806	3,511	3,840	3,511
Other parties	174	338	237	338
Other income	474	235	474	235
	117,763	166,407	46,167	73,914
	764,437	1,042,081	817,952	1,224,276

2. Profit from operations (continued)

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
(b) Expenses				
Foreign exchange losses	451	–	485	–
Interest:				
Controlled entities	–	–	9,096	20,756
Related bodies corporate:				
Wholly-owned group	54,559	86,636	2,641	12,769
Other parties	39,090	52,596	17,831	20,901
Management fees:				
Other related parties	112	56	112	–
Other	297	125	–	56
Operating lease rental expense	4,265	4,025	4,228	4,007
Net transfers (from)/to provisions:				
Employee entitlements	(481)	(204)	(481)	(204)
Depreciation of property, plant and equipment	721	799	706	780
Loss on disposal of investment	2,331	–	2,331	–
Diminution in value of investments:				
Other entities	75	79	75	79

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 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Profit from operations	267,121	563,419	120,067	273,503
Income tax expense calculated at 30%	80,136	169,026	36,020	82,051
Non-assessable dividends	–	–	(37,533)	(82,406)
Assessable dividends of associates	731	–	731	–
Share of profits of associates accounted for using the equity method	(79,546)	(167,234)	–	–
Non deductible entertainment and other items	680	229	680	229
Other	1,847	(1,888)	914	(3,268)
Over/under provision of income tax in prior year	(5,013)	1,906	(5,055)	1,907
Income tax expense/(benefit) attributable to profit from ordinary activities	(1,165)	2,039	(4,243)	(1,487)

4. Remuneration of auditors

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Auditor of the parent entity				
Audit of the financial report	564	508	472	450
Other audit services	52	233	52	191
	616	741	524	641

5. Trade and other receivables

At amortised cost				
Trade receivables	99,555	144,156	99,555	144,156
Other receivables	113,291	560,842	134,608	553,569
	212,846	704,998	234,163	697,725

6. Current other financial assets

At amortised cost				
Loans to:				
Related bodies corporate:				
Wholly owned group	749,471	560,786	7,950	257,610
Other parties	743	535	743	535
	750,214	561,321	8,693	258,145
At fair value				
Foreign currency forward contracts	5,223	11,408	1,126	2,546
	755,437	572,729	9,819	260,691

7. Current tax receivable

Current tax receivable	54,698	–	–	–

8. Current inventories

Finished goods on hand and in transit:				
At cost	139,445	55,878	139,445	55,878

9. Other current assets

Prepayments	14,900	1,010	14,432	781

10. Investments accounted for using the equity method

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Investments in associates:				
Non-current	1,750,941	1,611,421	–	–

Name of entity	Principal Activity	Ownership interest 2013 %	Ownership interest 2012 %
Mitsui Coal Holdings Pty Limited	Coal	30.0	30.0
Synlait Limited	Dairy	9.0	9.0
Mitsui Iron Ore Corporation Pty Ltd	Iron ore	20.0	0.0
Mitsui Iron Ore Development Pty Ltd	Iron ore	20.0	20.0
Mitsui Itochu Iron Pty Ltd	Iron ore	14.0	14.0
Shark Bay Salt Pty Ltd	Salt	10.0	10.0
Mitsui Power Investment Pty Ltd	Power generation	10.0	10.0
BHP Mitsui Coal Pty Ltd	Coal	6.7	6.7
Mittwell Energy Resources Pty Ltd	Oil	5.0	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

	Consolidated		Company	
Summarised financial information of associates:	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current assets	4,315,249	4,747,287	–	–
Non-current assets	8,995,676	7,781,657	–	–
	13,310,925	12,528,944	–	–
Current liabilities	(1,877,339)	(2,164,686)	–	–
Non-current liabilities	(1,598,631)	(1,505,340)	–	–
	(3,475,970)	(3,670,026)	–	–
Net assets	9,834,955	8,858,918	–	–
Revenue	7,825,119	8,830,888	–	–
Net profit	1,624,137	3,170,203	–	–
Share of associates' profit or loss Current year:				
Share of profit before income tax	355,959	719,307	–	–
Income tax expense	(90,807)	(161,860)	–	–
Total share of associates' profit	265,152	557,447	–	–

Dividends from associates
During the current year the consolidated entity received dividends from associates amounting to $119,541 thousand (2012: $274,688 thousand).

11. Non current other financial assets

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Shares in controlled entities:				
At cost	–	–	8,849	8,849
	–	–	8,849	8,849
Available-for-sale shares				
Investments in associates (at cost)	–	–	271,003	275,779
Other	1,264	1,223	1,264	1,223
	1,264	1,223	281,116	285,851
At fair value:				
Foreign currency forward contracts	506	1,702	–	2
Currency and interest rate swaps	12,179	8,304	11,418	8,262
At amortised cost:				
Long term loans to:				
Controlled entities	–	–	285,993	316,780
Related bodies corporate:				
Wholly owned group	437,139	565,701	–	–
Other parties	1	6,450	1	6,450
Directors	227	11	227	12
	451,316	583,391	578,755	617,357

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 2012	1,420	8,073	2,203	1,219	1,900	14,815
Additions	–	276	90	1	–	367
Disposals	–	–	(20)	(8)	–	(28)
Balance at 31 March 2013	1,420	8,349	2,273	1,212	1,900	15,154
Accumulated depreciation						
Balance at 31 March 2012	–	4,904	1.726	1,056	1,442	9,129
Depreciation expense	–	412	33	58	218	721
Disposals	–	–	(9)	(3)	–	(12)
Balance at 31 March 2013	–	5,316	1,750	1,112	1,660	9,838
Net book value						
As at 31 March 2012	1,420	3,169	477	162	458	5,686
As at 31 March 2013	1,420	3,033	523	100	240	5,316

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 2012	1,420	8,073	2,171	1,066	1,900	14,630
Additions	–	276	90	1	–	367
Disposals	–	–	(4)	–	–	(4)
Balance at 31 March 2013	1,420	8,349	2,257	1,067	1,900	14,993
Accumulated depreciation						
Balance at 31 March 2012	–	4,904	1,702	1,009	1,442	9,057
Depreciation expense	–	412	46	30	218	706
Disposals	–	–	(3)	–	–	(3)
Balance at 31 March 2013	–	5,316	1,745	1,039	1,660	9,760
Net book value						
As at 31 March 2012	1,420	3,169	469	57	458	5,573
As at 31 March 2013	1,420	3,033	512	28	240	5,233

13. Goodwill

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Gross carrying amount on acquisition of Bald Hills Wind Farm Pty Ltd	5,676	5,676	–	–
Net book value	5,676	5,676	–	–

14. Other intangible assets

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Gross carrying amount	11,596	8,397	–	–

Other intangible assets represent development expenditure of Bald Hills Wind Farm Pty Ltd, which is currently in the final stages of the development phase. If management decides to move to the construction phase, construction is likely to begin in September 2013. Depreciation of these assets will begin after construction is completed and once the assets are available for use. At this preliminary stage the directors expect to amortise the capitalised development expenditure over 25 years. This period will be reassessed when construction is completed.

15. Deferred tax assets

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Deferred tax asset attributable to:				
Temporary differences	8,743	11,598	7,295	9,389
	8,743	11,598	7,295	9,389

16. Current trade and other payables

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Trade creditors – unsecured	83,863	352,228	83,721	352,228
Other creditors	144,357	109,561	112,126	99,511
	228,220	461,797	195,847	451,739

17. Current borrowings

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At amortised cost				
Unsecured:				
Short term borrowings:				
Controlled entities	–	–	197,080	959,729
Related bodies corporate:				
Wholly-owned group	1,640,617	1,923,670	–	–
Other parties	5,705	2,170	3,155	–
	1,646,322	1,925,840	200,235	959,729

18. Other current financial liabilities

At fair value				
Foreign currency forward contracts	5,597	12,294	1,473	3,350
Interest rate swaps	571	270	–	–
	6,168	12,564	1,473	3,350

19. Current tax payable

Income tax payable	–	255,944	–	255,944

20. Current provisions

Employee entitlements	509	337	509	337
	509	337	509	337

21. Other current liabilities

Lease incentives (refer note 31(a))	223	223	223	223
Deferred revenue	107	49	107	49
	330	272	330	272

22. Non-current borrowings

At amortised cost				
Unsecured:				
Long term borrowings from:				
Controlled entities	–	–	–	10,776
Other parties	112,185	86,780	200,000	77,826
	112,185	86,780	200,000	88,602

23. Other non-current financial liabilities

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
At fair value				
Foreign currency forward contracts	506	1,700	–	–
Interest rate swaps	24,077	23,451	11,418	8,262
	24,583	25,151	11,418	8,262

24. Deferred tax liabilities

Deferred income tax attributable to temporary differences	9,554	8,236	4,938	4,417

25. Non-current provisions

Employee entitlements	527	1,181	527	1,181
Performance fee	4,302	4,302	–	–
	4,829	5,483	527	1,181

26. Other non-current liabilities

Lease incentives (refer note 31(a))	480	737	480	737

27. Issued capital

10,000,000 ordinary shares fully paid (2012: 10,000,000)	20,000	20,000	20,000	20,000

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

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

28. Reserves

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Asset revaluation	(5,147)	(2,514)	95,718	95,718
Hedging	512	(2,140)	(175)	(1,508)
	(4,635)	(4,654)	95,543	94,210
Asset revaluation reserve				
Balance at beginning of financial year	(2,514)	(2,015)	95,718	95,718
Share of associates (decrease)/increase in revaluation reserve net of tax	(2,633)	(499)	–	–
Balance at end of financial year	(5,147)	(2,514)	95,718	95,718
Hedging reserve				
Balance at beginning of financial year	(2,140)	2,323	(1,508)	(1,639)
Profit/(loss) recognised on: – Forward exchange contracts	(349)	(1,133)	(349)	(1,133)
Transferred from profit or loss – Deferred foreign exchange gain	69	(35)	69	(35)
Transferred to profit or loss – Forward exchange contracts	1,509	1,639	1,509	1,639
Deferred tax on hedges	104	(340)	104	(340)
Share of associates decrease in hedging reserve net of tax	1,319	(4,594)	–	–
Balance at end of financial year	512	(2,140)	(175)	(1,508)

29. Retained earnings

	Consolidated		Company	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Balance at beginning of financial year	1,712,235	1,412,855	277,373	264,383
Net profit attributable to members of the parent entity	268,286	561,380	124,310	274,990
Dividends paid or provided for	(117,020)	(262,000)	(117,020)	(262,000)
Balance at end of financial year	1,863,501	1,712,235	284,663	277,373

30. Dividends

Interim dividends paid or provided for, fully franked at 30%	117,020	260,000	117,020	262,000

31. Economic dependency

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

As at 31 March 2013, the current liabilities of the group exceed its current assets by $203,091 thousand. 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.

32. Expenditure commitments

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
(a) Lease commitments				
Non cancellable operating leases relating to office premises, office equipment, land and motor vehicles:				
Not longer than one year	3,435	3,512	3,435	3,512
Longer than one year but not longer than five years	4,875	8,409	4,875	8,409
Longer than five years	1,119	–	1,119	–
	9,429	11,921	9,429	11,921
In respect of non-cancellable operating leases, the following liabilities have been recognised:				
Current: Lease incentives (refer note 21)	223	223	223	223
Non-current: Lease incentives (refer note 26)	480	737	480	737
	703	960	703	960
(b) Commodity purchase commitments				
Aggregate purchase commitments contracted for at balance date but not provided for in the financial statements:				
Not longer than one year	154,879	89,215	154,879	89,215

(c) Development commitments

The company's subsidiary, Bald Hills Wind Farm Pty Ltd, has engaged various service providers and consultants for ongoing development (not construction) of the wind farm turbines. These agreements contain exit clauses and can be terminated by either party at any time. The construction contract has not been entered into as at 31 March 2013.

33. Contingent liabilities

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Contingent liabilities at the end of the financial year are:				
(a) Guarantees given in respect of borrowings by controlled entities	–	–	211,657	97,293
(b) The company has given performance guarantees in respect of various contracts to other corporations	93,946	54,382	93,946	54,382

34. Notes to cash flow statement

	Consolidated		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(a) Reconciliation of profit for the year to net cash flows from operating activities:				
Profit for the year	268,286	561,380	124,310	274,990
Add/(less):				
Loss on disposal of property, plant & equipment	1	6	1	6
Profit on disposal of investment	–	–	–	–
Depreciation	721	799	706	780
Loss on fair value revaluation of financial assets through the profit or loss	–	79	–	79
Share of associates profits (less dividends)	(140,816)	(282,761)	–	–
Decrease in deferred tax asset	2,855	8,461	2,094	9,379
Increase/(Decrease) in current tax payable	(310,642)	(17,118)	(253,644)	(17,118)
Decrease in deferred tax liability	1,318	(10,440)	521	(10,638)
Increase/(Decrease) in hedge reserve	1,330	131	4,488	131
Changes in assets and liabilities				
(Increase)/Decrease in assets:				
Trade and other receivables	492,152	(227,672)	463,562	(237,620)
Other financial assets	3,506	33,695	(1,738)	33,901
Inventories	(83,567)	(31,210)	(83,567)	(31,210)
Other	(13,890)	22	(13,651)	238
Increase/(Decrease) in liabilities:				
Trade and other payables	(233,577)	179,579	(255,892)	192,882
Other financial liabilities	(6,964)	(32,266)	(1,877)	(36,032)
Other provisions	(482)	(204)	(482)	(204)
Other	(199)	(1,049)	(199)	(1,049)
Net cash provided by operating activities	(19,968)	181,432	(15,367)	178,515

(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:

	Consolidated 2013 $'000	Consolidated 2012 $'000	Company 2013 $'000	Company 2012 $'000
Cash and cash equivalents	501,132	949,938	29,121	518,759
Bank overdraft	–	–	–	–
	501,132	949,938	29,121	518,759

35. Parent entity

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

36. Details of controlled entities

	Country of Incorporation	Ownership Interest 2013 %	Ownership Interest 2012 %
Parent entity			
Mitsui & Co. (Australia) Ltd.	Australia		
Controlled entity			
Mitsui & Co. Financial Services (Australia) Ltd	Australia	100	100
Bald Hills Wind Farm Pty Ltd	Australia	100	100

37. Additional Company Information

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

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