MITSUI & CO. (AUSTRALIA) LTD
FINANCIAL REPORT FOR
THE FINANCIAL YEAR ENDED
31 MARCH 2018

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.

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Message from the Chairman & Chief Executive Officer

In the year ended 31 March 2018, the global economy recovered steadily in developed and emerging economies supported by steady private consumption and business investment.

In this financial year the consolidated entity recorded a pre-tax profit of $435 million representing a 8.02% decrease in pre-tax profits compared to the previous year. This decrease follows the divestment of the Bald Hills Wind Farm in the previous year, which resulted in a one-time gain for the company. On the other hand our share of profits from our associated entities increased from $377 million from the previous year to $424 million. This increase reflects strong performance from our associate companies in the iron ore and coal industries, due to higher prices for these commodities during the period.

In the period ahead the global economy is expected to continue to recover steadily. The Japanese economy is expected to recover gradually on the back of resilient consumer spending, low unemployment, and investment ahead of the Olympic and Paralympic Games. Stable growth is expected from China, and future growth is expected from India as the country progresses with economic reforms.

Given our close proximity to some of the fastest growing Asian markets, and our established and diverse portfolio, we consider Australia as one of the most important countries in Mitsui & Co.'s global network. We continuously seek to enhance the value of our assets, drive synergies, and create new opportunities through collaboration with our partners and customers.

In June 2018 our affiliate company, Mitsui Iron Ore Corporation (MIOC), committed to develop the South Flank iron ore mine, through the Mt. Goldsworthy Joint Venture, with our partners BHP and Itochu. MIOC's share of investment will be approximately US$240 million. The mine is expected to commence operations in 2021, and produce ore for more than 25 years, replacing the neighbouring Yandi mine, which is coming close to the end of its economic life. South Flank has low-operating costs and massive high-grade reserves, ensuring that we can provide a stable long-term supply of iron ore for our customers.

Our commitment to the advancement of the Australian mining industry is unfailing. We are introducing new productivity enhancing technologies, such as Autonomus Haulage Vehicles, with our partner Komatsu Australia, and we scour our global network to find new technologies applicable to the industry.

A growing Asian middle class with changing diets continues to drive demand for Australian agricultural produce. We are working steadily with our network of offices in Asia to expand exports and capture this growth.

Throughout our long corporate history we have always sought growth from new opportunities that arise with each changing era. By harnessing our frontline capabilities, knowledge, and vast global networks we stay committed to creating unique business models that deliver value for our stakeholders.

NOBORU KATSU
Chairman & Chief Executive Officer

27 July 2018

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 2018. 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 N Katsu

Director since 1 April 2018. Joined Mitsui Group in 1981. Currently Chairman and CEO, Mitsui & Co. (Australia) Ltd. and Executive Managing Officer, Mitsui & Co. Ltd., Head Office Japan. Previously Executive Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit. Graduated from International Christian University, Japan, majoring in Economics.

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 & CEO of PT Mitsui Indonesia. Graduated from Tohoku University, Japan, majoring in Law. Mr Y Takebe resigned from the company on 1 April 2018.

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 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.

Ms A Ansell

Director since 29 June 2018. Joined Mitsui & Co. (Australia) Ltd. in 2006. Currently Director & General Manager, Human Resources, Mitsui & Co. (Australia) Ltd. Previously Senior Manager, Steel Division, Mitsui & Co. (Australia) Ltd. Graduated from British Columbia University of Technology, Canada, majoring in Marketing and International Trade.

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 $250,890,000 and $140,600,000 (2016: $161,290,000) fully franked to 100% at 30% corporate tax rate were paid on 27 April 2017 and 23 October 2017 respectively.

Results

A summary of consolidated results is set out below:

	2018 $'000	2017 $'000
Total Revenue	**286,394**	426,793
Profit before income tax benefit	**435,107**	473,032
Income tax benefit/(expense)	**3,734**	(49,047)
Net profit attributable to members of the parent entity	**438,841**	423,985

Review of Operations

In this financial year the consolidated entity recorded a pre-tax profit of $435 million representing a 8.02% decrease in pre-tax profits compared to the previous year. This decrease follows the divestment of the Bald Hills Wind Farm in the previous year, which resulted in a one-time gain for the company. On the other hand our share of profits from our associated entities increased from $377 million from the previous year to $424 million. This increase reflects strong performance from our associate companies in the iron ore and coal industries, due to higher prices for these commodities during the period.

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.

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 1 April 2016, 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, 27 July 2018

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

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
Australia

Tel: +61 3 9671 7000
www.deloitte.com.au

27 July 2018

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

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 2018, 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 Accountant

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

Deloitte.

Deloitte Touche Tohmatsu
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Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report, of Mitsui & Co. (Australia) Ltd and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other 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 directors' declaration.

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 2018 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 Company, would be in the same terms if given to 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 directors' 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 are responsible for the other information. The other information comprises the message from the Chairman & Chief Executive Officer and the Directors' Report for the year ended 31 March 2018, 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 Group 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 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.

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's 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 directors' 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's 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

DELOITTE TOUCHE TOHMATSU

SHINJI TSUTSUI
Partner
Chartered Accountants

Melbourne, 27 July 2018

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, 27 July 2018

Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 31 March 2018

		Consolidated		Company	
	Note	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Revenue	2(a)	**182,610**	240,286	**182,610**	201,586
Cost of goods and services sold		**(174,037)**	(191,868)	**(174,037)**	(191,868)
Gross profit		**8,573**	48,418	**8,573**	9,718
Dividend income	2(a)	**-**	-	**361,711**	296,010
Other revenue	2(a)	**103,784**	186,507	**21,224**	32,865
Share of profits of associates	10	**424,305**	377,229	**-**	-
Selling, general and administrative expenses		**(30,857)**	(56,508)	**(30,857)**	(34,157)
Borrowing costs	2(b)	**(63,040)**	(73,427)	**(4)**	(102)
Other expenses		**(7,658)**	(9,187)	**(4,619)**	(4,160)
Profit before income tax expense		**435,107**	473,032	**356,028**	300,174
Income tax benefit/(expense)	3	**3,734**	(49,047)	**1,211**	(1,506)
Profit attributable to members of the parent entity		**438,841**	423,985	**357,239**	298,668
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Share of associates increase in asset revaluation reserve (net of tax)	24	**30,879**	-	**-**	-
Fair value gain/(loss) on available-for-sale non-current financial asset (net of tax)	24	**22,225**	(1,020)	**22,225**	(1,020)
Fair value gain on cash flow hedges taken to equity (net of tax)	24	**244**	120	**244**	120
Share of associates increase in hedging reserve (net of tax)	24	**(245)**	17,979	**-**	-
Other comprehensive income/(loss) for the year (net of tax)		**53,103**	17,079	**22,469**	(900)
Total comprehensive income for the year		**491,944**	441,064	**379,708**	297,768

Statement of Financial Position
as at 31 March 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current assets					
Cash and cash equivalents	30(b)	**2,032,670**	2,392,940	**5,705**	10,672
Trade and other receivables	5	**268,459**	494,550	**268,440**	540,925
Other financial assets	6	**1,753,818**	794,515	**456,745**	456,745
Inventories	8	**5,744**	2,468	**5,744**	2,468
Other	9	**355**	283	**241**	283
Total current assets		**4,061,046**	3,684,756	**736,875**	1,011,093
Non-current assets					
Investments accounted for using the equity method	10	**2,133,750**	2,028,922	**-**	-
Other financial assets	11	**451,554**	607,614	**310,554**	279,356
Property, plant and equipment	12	**21,289**	22,746	**21,289**	22,746
Deferred tax assets	13	**4,382**	16,062	**4,113**	3,680
Total non-current assets		**2,610,975**	2,675,344	**335,956**	305,782
Total assets		**6,672,021**	6,360,100	**1,072,831**	1,316,875
Current liabilities					
Trade and other payables	14	**73,230**	406,525	**71,391**	387,510
Borrowings	15	**3,683,799**	2,967,793	**-**	-
Other financial liabilities	16	**7,556**	10,852	**898**	551
Provisions	17	**831**	739	**831**	739
Current tax payable	7	**255,264**	181,476	**255,264**	181,476
Total current liabilities		**4,020,680**	3,567,385	**328,384**	570,276
Non-current liabilities					
Borrowings	18	**-**	168,760	**-**	-
Other financial liabilities	19	**1,479**	83,404	**-**	-
Deferred tax liabilities	20	**28,209**	19,286	**10,728**	1,032
Provisions	21	**955**	894	**955**	894
Other	22	**5**	132	**5**	132
Total non-current liabilities		**30,648**	272,476	**11,688**	2,058
Total liabilities		**4,051,328**	3,839,861	**340,072**	572,334
Net assets		**2,620,693**	2,520,239	**732,759**	744,541
Equity					
Issued capital	23	**20,000**	20,000	**20,000**	20,000
Reserves	24	**44,535**	(8,568)	**119,121**	96,652
Retained earnings	25	**2,556,158**	2,508,807	**593,638**	627,889
Total equity		**2,620,693**	2,520,239	**732,759**	744,541

Statement of Changes in Equity
for the Financial Year Ended 31 March 2018

	Share capital $'000	Asset revaluation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Consolidated					
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 (net of tax)	-	(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
Balance at 1 April 2017	**20,000**	**(4,209)**	**(4,359)**	**2,508,807**	**2,520,239**
Profit for the year	**-**	**-**	**-**	**438,841**	**438,841**
Other comprehensive income for the year (net of tax)	**-**	**53,104**	**(1)**	**-**	**53,103**
Total comprehensive income for the year	**-**	**53,104**	**(1)**	**438,841**	**491,944**
Payment of dividends	**-**	**-**	**-**	**(391,490)**	**(391,490)**
Balance at 31 March 2018	**20,000**	**48,895**	**(4,360)**	**2,556,158**	**2,620,693**
Company					
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 (net of tax)	-	(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
Balance at 1 April 2017	**20,000**	**96,657**	**(5)**	**627,889**	**744,541**
Profit for the year	**-**	**-**	**-**	**357,239**	**357,239**
Other comprehensive income for the year (net of tax)	**-**	**22,225**	**244**	**-**	**22,469**
Total comprehensive income for the year	**-**	**22,225**	**244**	**357,239**	**379,708**
Payment of dividends	**-**	**-**	**-**	**(391,490)**	**(391,490)**
Balance at 31 March 2018	**20,000**	**118,882**	**239**	**593,638**	**732,759**

Statement of Cash Flows
for the Financial Year Ended 31 March 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash flows from operating activities					
Receipts from customers		**212,860**	226,844	**213,726**	207,643
Payments to suppliers and employees		**(232,806)**	(204,636)	**(230,828)**	(193,733)
Dividends received		**350,710**	281,519	**361,711**	296,010
Interest received		**100,254**	72,658	**10,407**	4,763
Interest paid		**(73,509)**	(60,769)	**(5,009)**	(102)
Repayments/(payments) of loans by related parties		**(833,176)**	2,383,550	**-**	-
(Repayments of)/ proceeds from borrowings		**547,246**	(243,422)	**-**	-
Net income tax received from/(paid to) entities within the MEC group		**418,417**	(159,557)	**477,112**	(159,556)
Income tax paid to ATO		**(441,618)**	(86,567)	**(441,618)**	(86,567)
Net cash provided by operating activities	30(a)	**48,378**	2,209,620	**385,501**	68,458
Cash flows from investing activities					
Cash advances and loans made to related parties		**(27,659)**	8,929	**1,026**	8,928
Payment for investments		**-**	(3,143)	**-**	(3,143)
Proceeds from sale of investments		**10,095**	156,200	**-**	87,488
Payment for property, plant and equipment		**(4)**	(10,829)	**(4)**	(10,829)
Proceeds from sale of property, plant and equipment		**410**	12,160	**-**	11,681
Net cash provided by investing activities		**(17,158)**	163,317	**1,022**	94,125
Cash flows from financing activities					
Dividends paid		**(391,490)**	(161,290)	**(391,490)**	(161,290)
Net cash used in financing activities		**(391,490)**	(161,290)	**(391,490)**	(161,290)
Net (decrease)/increase in cash and cash equivalents		**(360,270)**	2,211,647	**(4,967)**	1,293
Cash and cash equivalents at the beginning of the financial year		**2,392,940**	181,293	**10,672**	9,379
Cash and cash equivalents at the end of the financial year	30(b)	**2,032,670**	2,392,940	**5,705**	10,672

Notes to the Financial Statements
for the Financial Year Ended 31 March 2018

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 27 July 2018.

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 1 April 2016, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Prior Period Restatement

The 2017 comparative financial information has been restated to reflect accurate cash inflows and outflows of each activity in the statement of cash flows of the Company and the Consolidated Entity and to enable comparability of certain financial information. The following restatements and reclassifications were made to the statement of cash flows for the Company and the Consolidated Entity.

The impact of the restatements in the 2017 Company standalone statement of cash flows are as follows:

- Within operating activities, including an additional financial statement line item for 'Net income tax received from/ (paid to) entities within the MEC group with a net cash outflow position of $159,556 thousand to capture all the cash inflows and outflows between the entities within the tax consolidated group;
- Within operating activities, net income tax paid to the Australian Tax Office ("ATO") was restated to $86,567 thousand from $208,369 thousand to present the correct net cash outflow to the ATO;
- Within investing activities, cash advances and loan made to related parties was restated to net cash inflow of $8,928 thousand to reflect correct cash inflows from investing activities in relation to related party cash movements.

The impact of the restatements in the 2017 consolidated statement of cash flows are as follows:

- Within operating activities, including an additional financial statement line item for 'Net income tax received from/ (paid to) entities within the MEC group with a net cash outflow position of $159,556 thousand to capture all the cash in and outflow between tax consolidated group companies;
- Within operating activities, 'Net income tax paid to ATO' was restated to $86,567 thousand from $208,369 thousand to present the correct net cash outflow to the ATO;

1. Summary of Accounting Policies (cont'd)

Prior Period Restatement (Cont'd)

- Within investing activities, cash advances and loan made to related parties were restated to net cash inflow of $8,928 thousand to reflect correct cash inflows from investing activities in relation to related party cash movements;
- Reclassifying 'Net cash proceeds from borrowings' of $2,140,130 thousand as previously stated in financing activities to 'Repayments/(payments) of loans by related parties for $2,383,550 thousand and '(Repayment of)/ proceeds from borrowings' for $402,978 thousand, both being classified within operating activities. This restatement is to reflect the operating cash flows of its wholly own subsidiary into more appropriate cash flows activities within the consolidated statement of cash flows to reflect more appropriate grouping based on the prevailing accounting standards and principle.

The restatements made to the 2017 comparative financial information will not have any impact on either the Statement of Profit or Loss & Other Comprehensive Income nor the Statement of Financial Position for both 2017 and 2018 financial years.

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

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 16 'Leases'	1 January 2019	31 March 2020

1. Summary of Accounting Policies (cont'd)

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.

(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 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.

1. Summary of Accounting Policies (cont'd)

(d) *Derivative financial instruments and hedging activities (cont'd)*

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.

(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:

1. Summary of Accounting Policies (cont'd)

(g) *Investments and Financial assets (cont'd)*

Classification (cont'd)

- 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.

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.

1. Summary of Accounting Policies (cont'd)

(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.

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.

1. Summary of Accounting Policies (cont'd)

(j) Income tax (cont'd)

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.

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.

1. Summary of Accounting Policies (cont'd)

(m) Leasing (cont'd)

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.

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.

1. Summary of Accounting Policies (cont'd)

(p) Business combinations (cont'd)

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.

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	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following items of revenue and expense:				
(a) Revenue				
Sales revenue:				
Sale of goods	**178,608**	236,968	**178,608**	198,268
Rendering of services	**4,002**	3,318	**4,002**	3,318
	182,610	240,286	**182,610**	201,586
Dividends:				
Controlled entities	**-**	-	**11,600**	14,491
Associated entities	**-**	-	**350,111**	281,519
	-	-	**361,711**	296,010
Other revenue:				
Interest revenue:				
Ultimate parent entity	**8**	-	**8**	-
Controlled entity	**-**	-	**4,678**	3,138
Related bodies corporate:				
Wholly-owned group	**34,239**	44,426	**556**	929
Other parties	**54,342**	35,437	**148**	685
Management fees:				
Ultimate parent entity	**9,299**	9,437	**9,299**	9,437
Controlled entities	**-**	-	**1,050**	1,050
Related bodies corporate:				
Wholly-owned group	**4,451**	5,214	**4,451**	5,214
Other parties	**79**	32	**79**	32
Gain on sale of investment	**-**	72,491	**-**	-
Gain on disposal of land	**410**	10,707	**-**	11,040
Other income	**956**	8,763	**955**	1,340
	103,784	186,507	**21,224**	32,865
	286,394	426,793	**565,545**	530,461

2. Profit from operations (cont'd)

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
(b) Expenses				
Foreign exchange losses	**1,982**	-	**535**	-
Interest:				
Controlled entities	**-**	-	**4**	75
Related bodies corporate:				
Wholly-owned group	**57,479**	49,572	**-**	6
Other parties	**5,561**	23,855	**-**	21
Borrowing costs	**63,040**	73,427	**4**	102
Management fees:				
Related bodies corporate:				
Wholly-owned group	**4,086**	-	**4,086**	-
Operating lease rental expense	**2,294**	2,144	**2,294**	2,144
Net transfers (from)/to provisions:				
Employee entitlements	**32**	59	**32**	59
Depreciation of property, plant and equipment	**1,461**	13,226	**1,461**	1,362
Loss on disposal of investment	**113**	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:

Profit from operations	**435,107**	473,032	**356,028**	300,174
Income tax expense calculated at 30%	**130,532**	141,910	**106,808**	90,052
Non-assessable dividends	**-**	-	**(108,342)**	(88,730)
Share of profits of associates accounted for using the equity method	**(127,292)**	(113,169)	**-**	-
Effect of undistributed earning from associates	**(4,009)**	-	**-**	-
Non deductible entertainment and other items	**104**	1,713	**104**	137
Income tax relating to other adjustments	**(2,914)**	18,544	**374**	374
(Over)/underprovision of prior year	**(155)**	49	**(155)**	(327)
Income tax (benefit)/expense attributable to profit from ordinary activities	**(3,734)**	49,047	**(1,211)**	1,506

4. Remuneration of auditors

	Consolidated		Company	
	2018	2017	**2018**	2017
	$	$	**$**	$
Deloitte Touche Tohmatsu Australian Firm				
Audit or review of financial statements	**472,700**	493,850	**408,000**	397,300
Other assurance services	**107,505**	60,800	**44,000**	43,000
	580,205	554,650	**452,000**	440,300

The auditor of the Company is Deloitte Touche Tohmatsu.

5. Trade and other receivables

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At amortised cost				
Trade receivables	**41,612**	-	**41,612**	58,334
Other receivables	**226,847**	494,550	**226,828**	482,591
	268,459	494,550	**268,440**	540,925

6. Current other financial assets

At amortised cost				
Loans to:				
Controlled entities	**-**	-	**397,109**	425,794
Related bodies corporate:				
Director	**374**	516	**374**	516
Wholly owned group	**1,740,337**	777,245	**57,453**	30,048
Other parties	**6,850**	8,355	**1,054**	105
	1,747,561	786,116	**455,990**	456,463
At fair value				
Foreign currency forward contracts	**6,257**	8,399	**755**	282
	1,753,818	794,515	**456,745**	456,745

7. Current tax payable

Current tax payable to ATO	**255,264**	181,476	**255,264**	181,476

8. Current inventories

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Finished goods on hand and in transit:				
At cost	**5,744**	2,468	**5,744**	2,468

9. Other current assets

	Consolidated		Company	
Prepayments	**355**	283	**241**	283

10. Investments accounted for using the equity method

	Consolidated		Company	
Investments in associates:				
Non-current	**2,133,750**	2,028,922	**-**	-

		Ownership interest	
		2018	2017
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
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	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Current assets	**6,553,937**	6,235,029	**-**	-
Non-current assets	**9,945,566**	9,782,351	**-**	-
Total assets	**16,499,503**	16,017,380	**-**	-
Current liabilities	**(1,913,856)**	(1,580,802)	**-**	-
Non-current liabilities	**(2,714,007)**	(2,748,451)	**-**	-
Total liabilities	**(4,627,863)**	(4,329,253)	**-**	-
Net assets	**11,871,640**	11,688,127	**-**	-
Revenue	**7,916,902**	6,937,469	**-**	-
Net profit	**2,274,300**	1,775,429	**-**	-
Share of associates' profit or loss				
Current year:				
Share of profit before income tax	**583,907**	514,169	**-**	-
Income tax expense	**(159,602)**	(136,940)	**-**	-
Total share of associates' profit	**424,305**	377,229	**-**	-

Dividends from associates

During the current year the consolidated entity received dividends from associates amounting to $350,111 thousand (2017: $281,519 thousand).

11. Non-current other financial assets

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Shares in controlled entities:				
At cost	**-**	-	**350**	350
			350	350
Investments in associates (at cost)	**-**	-	**261,749**	261,749
Other	**48,454**	16,704	**48,455**	16,704
	48,454	16,704	**310,554**	278,803
At fair value:				
Currency and interest rate swaps	**842**	84,245	**-**	-
Foreign currency forward contracts	**307**	-	**-**	-
At amortised cost:				
Long term loans to:				
Controlled entities	**-**	-	**-**	-
Related bodies corporate:				
Wholly owned group	**391,951**	485,998	**-**	-
Other parties	**10,000**	20,667	**-**	553
	451,554	607,614	**310,554**	279,356

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 2017	6,350	14,831	2,656	2,397	4,164	30,398
Additions	-	-	4	499	-	503
Transfer	-	-	-	(499)	-	(499)
Disposals	-	-	(28)	(6)	-	(34)
Balance at 31 March 2018	6,350	14,831	2,632	2,391	4,164	30,368
Accumulated depreciation						
Balance at 31 March 2017	-	1,652	1,478	1,364	3,158	7,652
Depreciation expense	-	371	211	271	608	1,461
Transfer	-	-	-	-	-	-
Disposals	-	-	(28)	(6)	-	(34)
Balance at 31 March 2018	-	2,023	1,661	1,629	3,766	9,079
Net book value						
As at 31 March 2017	6,350	13,179	1,178	1,033	1,006	22,746
As at 31 March 2018	6,350	12,808	971	762	398	21,289

	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 2017	6,350	14,831	2,656	2,397	4,164	30,398
Additions	-	-	4	499	-	503
Transfer	-	-	-	(499)	-	(499)
Disposals	-	-	(28)	(6)	-	(34)
Balance at 31 March 2018	6,350	14,831	2,632	2,391	4,164	30,368
Accumulated depreciation						
Balance at 31 March 2017	-	1,652	1,478	1,364	3,158	7,652
Depreciation expense	-	371	211	271	608	1,461
Transfer	-	-	-	-	-	-
Disposals	-	-	(28)	(6)	-	(34)
Balance at 31 March 2018	-	2,023	1,661	1,629	3,766	9,079
Net book value						
As at 31 March 2017	6,350	13,179	1,178	1,033	1,006	22,746
As at 31 March 2018	6,350	12,808	971	762	398	21,289

13. Deferred tax assets

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Deferred tax asset attributable to:				
Temporary differences	**4,382**	16,062	**4,113**	3,680

14. Current trade and other payables

Trade creditors - unsecured	**36,915**	59,315	**36,915**	57,035
Amount owing to related bodies corporate:				
Wholly owned group	**32,647**	154,178	**32,193**	141,324
Other creditors	**3,668**	192,032	**2,283**	189,151
	73,230	406,525	**71,391**	387,510

15. Current borrowings

At amortised cost				
Unsecured:				
Short term borrowings:				
Related bodies corporate:				
Wholly-owned group	**3,301,112**	2,655,652	**-**	-
Other related parties	**214,390**	121,141	**-**	-
Other parties	**168,297**	100,000	**-**	-
	3,683,799	2,967,793	**-**	-

16. Other current financial liabilities

At fair value				
Foreign currency forward contracts	**7,556**	10,763	**898**	551
Interest rate swaps	**-**	89	**-**	-
	7,556	10,852	**898**	551

17. Current provisions

Employee entitlements	**831**	739	**831**	739

18. Non-current borrowings

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
At amortised cost				
Unsecured:				
Long term borrowings from other parties	**-**	168,760	**-**	-

19. Other non-current financial liabilities

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
At fair value				
Foreign currency forward contracts	**306**	-	**-**	-
Interest rate swaps	**1,173**	83,404	**-**	-
	1,479	83,404	**-**	-

20. Deferred tax liabilities

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Deferred tax liabilities attributable to: Temporary differences (Non-current)	**28,209**	19,286	**10,728**	1,032

21. Non-current provisions

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Employee entitlements	**955**	894	**955**	894

22. Other non-current liabilities

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Lease incentives (refer note 28(a))	**5**	132	**5**	132

23. Issued capital

	Consolidated		Company	
	No.	**$**	**No.**	**$**
Fully paid ordinary 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
Issue of shares	**-**	-	**-**	-
Balance at 31 March 2018	**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.

24. Reserves

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Asset revaluation	**48,895**	(4,209)	**118,882**	96,657
Hedging	**(4,360)**	(4,359)	**239**	(5)
	44,535	(8,568)	**119,121**	96,652
Asset revaluation reserve				
Balance at the beginning of the financial year	**(4,209)**	(3,189)	**96,657**	97,677
Gain arising on revaluation of non-current available-for-sale financial asset	**22,225**	(1,020)	**22,225**	(1,020)
Share of associates increase(decrease) in Asset revaluation reserve net of tax	**30,879**	-	**-**	-
Balance at the end of the financial year	**48,895**	(4,209)	**118,882**	96,657
Hedging reserve				
Balance at the beginning of the financial year	**(4,359)**	(36,569)	**(5)**	(125)
Profit/(loss) recognised on:				
• Forward exchange contracts	**341**	(8)	**341**	(8)
Transferred to profit or loss				
• Forward exchange contracts	**5**	125	**5**	125
Income tax on hedges	**(102)**	3	**(102)**	3
Reversal of reserve	**-**	14,111	**-**	-
Share of associates increase/(decrease) in hedging reserve net of tax	**(245)**	17,979	**-**	-
Balance at the end of the financial year	**(4,360)**	(4,359)	**239**	(5)

25. Retained earnings

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**2,508,807**	2,246,112	**627,889**	490,511
Net profit attributable to members of the parent entity	**438,841**	423,985	**357,239**	298,668
Dividends paid or provided for	**(391,490)**	(161,290)	**(391,490)**	(161,290)
Balance at the end of the financial year	**2,556,158**	2,508,807	**593,638**	627,889

26. Dividends

Interim dividends paid or provided for, fully franked at 30%	**391,490**	161,290	**391,490**	161,290

27. 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.

28. Expenditure commitments

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
(a) Lease commitments				
Non cancellable operating leases relating to office premises, office equipment, land and motor vehicles:				
Not longer than one year	**1,605**	2,590	**1,605**	2,590
Longer than one year but not longer than five years	**-**	1,605	**-**	1,605
Longer than five years	**-**	-	**-**	-
	1,605	4,195	**1,605**	4,195
In respect of non-cancellable operating leases, the following liabilities have been recognised:				
Current:				
Lease incentives	**-**	-	**-**	-
Non-current:				
Lease incentives (refer note 24)	**5**	132	**5**	132
	5	132	**5**	132
(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	**37,796**	9,944	**37,796**	9,944

29. Contingent liabilities

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Contingent liabilities not provided for in the financial statements at the end of the financial year are:				
(a) Guarantees given in respect of borrowings by controlled entities	**-**	-	**316,580**	406,696
(b) The company has given performance guarantees in respect of various contracts to other corporations	**78,842**	82,035	**78,842**	82,035

30. Notes to cash flow statement

	Consolidated		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
(a) Reconciliation of profit for the year to net cash flows from operating activities:				
Profit for the year	**438,841**	423,985	**357,239**	298,668
Add/(less):				
Net (gain)/loss on disposal of property, plant & equipment	**(410)**	(10,707)	**-**	(11,040)
Net (gain)/loss on sale of investment	**113**	(62,192)	**-**	4,160
Depreciation	**1,461**	13,226	**1,461**	1,362
(Gain)/loss on fair value revaluation of financial assets through the profit or loss	**349**	1,551	**349**	1,551
Reversal of BHWF intangibles	**-**	(6,140)	**-**	-
Share of associates profits (less dividends)	**(74,194)**	(97,778)	**-**	-
(Increase)/decrease in deferred tax asset	**11,682**	(9,162)	**(433)**	105
(Increase)/decrease in current tax receivable	**-**	369,969	**-**	347,186
Increase/(decrease) in current tax payable	**73,787**	-	**73,787**	-
Increase/(decrease) in deferred tax liability	**8,923**	(5,674)	**9,695**	(229)
Increase/(decrease) in hedge reserve	**(9,630)**	(900)	**(9,629)**	(900)
Changes in assets and liabilities				
(Increase)/decrease in assets:				
Trade and other receivables	**317,299**	1,659,742	**272,485**	(452,710)
Other financial assets	**(751,956)**	(306,577)	**(473)**	(309,615)
Inventories	**(3,276)**	(331)	**(3,276)**	(331)
Other	**2,612**	(57)	**42**	(57)
Increase/(decrease) in liabilities:				
Trade and other payables	**(383,248)**	240,661	**(316,120)**	191,460
Other financial liabilities	**415,999**	(3,324)	**347**	(1,097)
Other provisions	**153**	96	**154**	96
Other	**(127)**	3,232	**(127)**	(151)
Net cash provided by operating activities	**48,378**	2,209,620	**385,501**	68,458

30. Notes to the cash flow statement (cont'd)

	Consolidated		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
(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	2,032,670	2,392,940	5,705	10,672

31. Parent entity

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

32. Details of controlled entities

	Country of Incorporation	Ownership Interest	
		2018	2017
		%	%
Parent entity			
Mitsui & Co. (Australia) Ltd.	Australia		
Controlled entity			
Mitsui & Co. Financial Services (Australia) Ltd	Australia	**100**	100
MIT Power Australia Pty Ltd	Australia	**100**	100

33. 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.

34. Additional Company Information

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

Principal Registered Office
Level 15,
120 Collins Street
Melbourne VIC 3000

Principal Place of Business
Level 15,
120 Collins Street
Melbourne VIC 3000

Contact details

Head Office

Level 15, 120 Collins Street
Melbourne VIC 3000

Telephone: (03) 9605-8800
Fax: (03) 9605-8888

Sydney Office

Suite 4102, Level 41, Gateway Building
1 Macquarie Place
Sydney NSW 2000

Telephone: (02) 9256-9500
Fax: (02) 9251-1788

Perth Office

Level 16, Exchange Plaza
2 The Esplanade
Perth WA 6000

Telephone: (08) 9476-2333
Fax: (08) 9476-2351

Brisbane Office

Level 24
480 Queen Street
Brisbane QLD 4000

Telephone: (07) 3032-8800
Fax: (07) 3032-8888

Web site: **www.mitsui.com/au**

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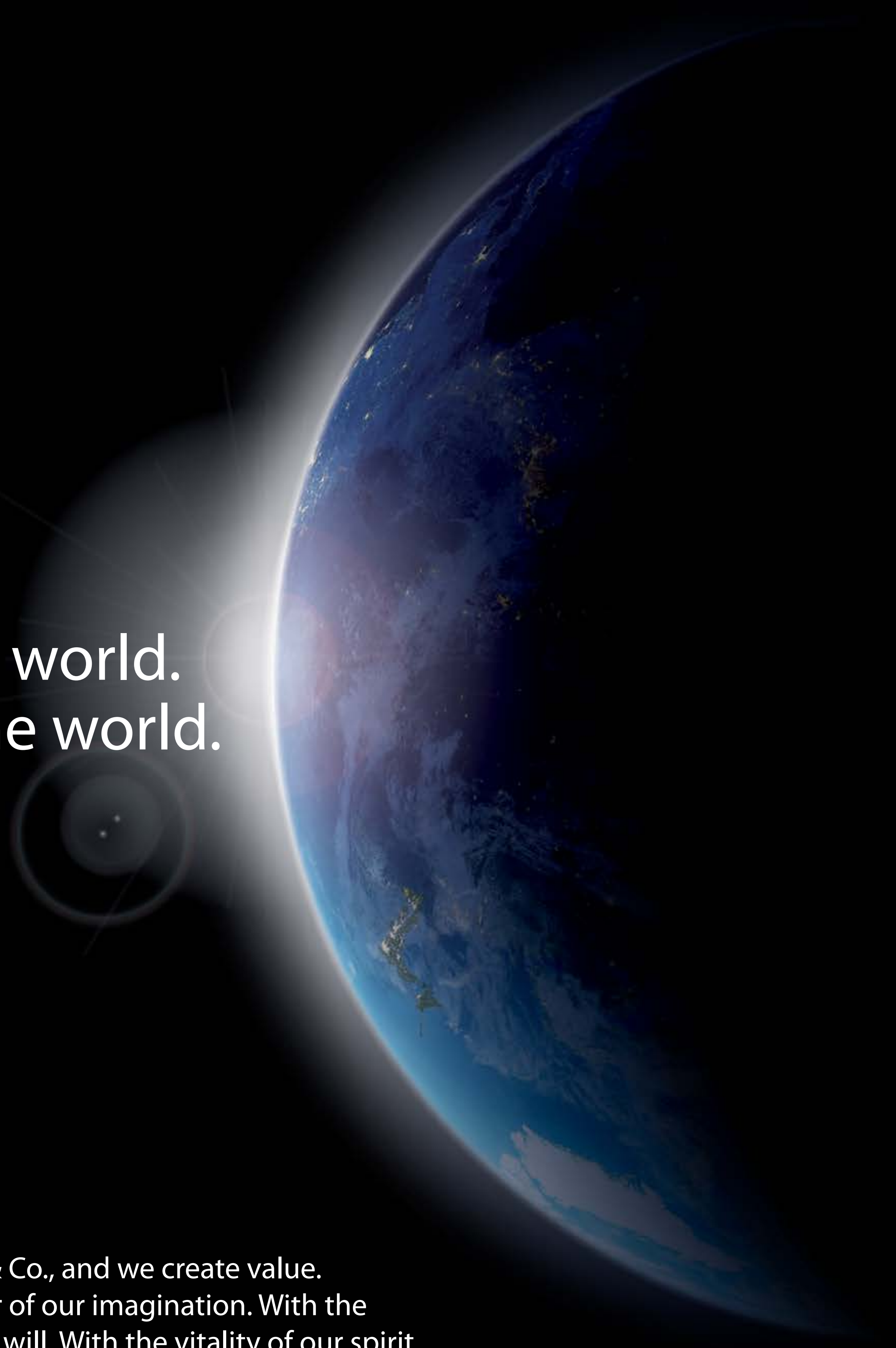

For the world.
With the world.

We are Mitsui & Co., and we create value.
With the power of our imagination. With the strength of our will. With the vitality of our spirit.

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.