MITSUI & CO. (AUSTRALIA) LTD.

Financial Report

FOR THE FINANCIAL YEAR ENDED
31 MARCH 2023

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 2004, these concepts were redefined as Mitsui's Mission, Vision and Values (MVV). In recognition of the unprecedented rate of change in our business and in the world around us they were renewed in May 2020. By focusing on our MVV in all that we do, we will grow our business in the right way, and deliver lasting value to all of our stakeholders.

Mission

Build brighter futures, everywhere

Realize a better tomorrow for earth and for people around the world.

Vision

360° business innovators

As challengers and innovators, we create and grow business while addressing material issues for sustainable development.

Values

Our core values as challengers and innovators

Seize the initiative

We play a central role in driving transformation.

Thrive on diversity

We foster an open-minded culture and multiply our strengths to achieve excellence.

Embrace growth

We drive our collective growth by continuously growing as individuals.

Act with integrity

We pursue worthy objectives with fairness and humility, taking pride in work that stands the test of time.

Contents

Message from the Chair & Chief Executive Officer

Geo-political tensions continue to wreak havoc on people's lives and markets. Global energy insecurity, volatile commodity markets, inflation and the cost of living crisis are ongoing concerns for business, industry and the community. Transparency, predictability and trusted partnerships are more important than ever during these turbulent times as we recognise that good intentions and market interventions to ease short-term pressures can have unintended consequences on long-term investments.

At Mitsui & Co., our role and function in meeting the material needs of our customers, stakeholders and end users remains unchanged. With a strong track record locally, and network of offices globally, I am confident that we are well-positioned to navigate this international operating environment.

In a post-pandemic world, I am encouraged by the desire and willingness for businesses to travel and rebuild interpersonal relationships. These relationships, built on a foundation of trust, will continue to be supported through ongoing digital transformation and the practicalities in our new ways of working.

In fiscal year 2023, our consolidated entity demonstrates resilience, recording a 2.3% year on year increase in pre-tax profit to $936 million. This growth in total revenue can be attributed to a number of key factors including the sale of goods, divestment of certain assets and the optimisation of our business portfolio. Our sustained profitability reflects the robustness of our operations as we remain committed to further growth and delivering optimal value for our stakeholders.

To build brighter futures, everywhere is our mission and it underpins everything we do at Mitsui. It is a commitment to doing what's right, for our stakeholders and all of society. Sound environmental, social and governance practices remain an area of focus for the business. Here we will drive future investments that support the transition to a lower-carbon economy, promote continuity of stable supply and embed ESG risk management across the organisation.

On the environment, managing the risks and opportunities towards a more sustainable future is increasingly important. At Mitsui, we have a global goal to achieve net-zero emissions by 2050. This will be achieved with our roadmap which outlines our pathway to halve the impact of our greenhouse gas emissions by 2030. We believe that there is an intrinsic link between economic growth and environmental sustainability and have a responsibility to foster both across our footprint.

Since the former Mitsui & Co. established its first office in Sydney in 1901, we have been pioneers of Australia's international trade and investment, facilitating the flow of capital to where it is needed most to drive commerce and prosperity.

MASATO SUGAHARA
CHAIR & CHIEF EXECUTIVE OFFICER

28 July 2023

Directors' Report

The directors of Mitsui & Co. (Australia) Ltd., submit herewith the annual report of Mitsui & Co. (Australia) Ltd (the "Company") and its subsidiaries (the "Consolidated entity") for the financial year ended 31 March 2023. 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 M Sugahara

Director since 1 April 2022. Joined Mitsui Group in 1987. Currently Chair and CEO, Mitsui & Co. (Australia) Ltd. and Managing Officer, Mitsui & Co. Ltd., Head Office Japan. Previously Chief Operations Officer of Wellness Business Unit in Mitsui Tokyo HQ. Graduated from The University of Tokyo, Japan, Faculty of Law majoring in Civil Law Legal System.

Ms W Holdenson

Director since 16 June 2014 and currently a Non-Executive Director. Joined Mitsui & Co. (Australia) Ltd. in 2014 as Executive Vice President and Chief Transformation 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 T Hara

Director until 23 September 2022. Joined Mitsui Group in 1995. Previously Director & Chief Administrative Officer, Mitsui & Co. (Australia) Ltd. Previously General Manager of Food Grain & Oilseeds Dept., Grain & Feed Div., Mitsui & Co., Ltd. Graduated from Waseda University, Japan, majoring in Political Science and Economics.

Mr M Asahara

Director since 4 October 2022. Jointed Mitsui Group in 2000. Currently Director & Chief Administrative Officer, Mitsui & Co. (Australia) Ltd. Previously responsible for renewable energy development and investment as General Manager of Division 3, Department 1 Infrastructure Business Unit, Mitsui & Co., Ltd. Graduated from Kyoto University, Japan, majoring in Economics.

Mr M Kikumoto

Director since 30 September 2021. Joined Mitsui Group in 2000. Currently Director & CFO, General Manager, Financial Management Division, Mitsui & Co. (Australia) Ltd. Previously Deputy General Manager, CFO Unit, Financial Management & Advisory Div. III, Investment Management Department. (Chemicals), Mitsui & Co., Ltd. Graduated from Waseda University, Japan, majoring in Political Science and Economics.

Mr A Auliso

Director until 31 March 2023. Joined Mitsui & Co. (Australia) Ltd. in 2011. Previously Director and General Manager Human Resources Division. Graduated from Deakin University, Melbourne, obtaining Bachelor of Commerce degree majoring in Human Resource Management and Management.

Directors' Report (Cont'd)

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 2023, dividends amounting to $417,000,000 and $426,000,000 (2022: $310,000,000 and $446,000,000) fully franked at 30% corporate tax rate were paid on 27 July 2022 and 29 March 2023 respectively.

Results

A summary of consolidated results is set out below:

	2023 $'000	2022 $'000
Total Revenue	**486,164**	259,985
Profit before income tax benefit	**935,848**	914,909
Income tax expense	**(53,191)**	(7,527)
Net profit attributable to members of the parent entity	**882,657**	907,382

Review of Operations

In fiscal year 2023, our Consolidated entity demonstrates resilience, recording a 2.3% year on year increase in pre-tax profit to $936 million. This growth in total revenue can be attributed to a number of key factors including the sale of goods, divestment of certain assets and the optimisation of our business portfolio. Our sustained profitability reflects the robustness of our operations as we remain committed to further growth and delivering optimal value for our stakeholders.

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, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future financial years.

Future Developments

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

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 7 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

MASAFUMI KIKUMOTO
Director

Melbourne, 28 July 2023

Auditor's Independence Declaration to Mitsui & & Co. (Australia) Ltd.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne VIC 3000

Tel: +61 (0) 3 9671 7000
www.deloitte.com.au

28 July 2023

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

Dear Board Members

Auditor's Independence Declaration to 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 report of Mitsui & Co. (Australia) Ltd for the year ended 31 March 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

SHINJI TSUTSUI
Partner
Chartered Accountants

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

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne VIC 3000

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Opinion

We have audited the financial report of Mitsui & Co. (Australia) Ltd (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 March 2023, 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 other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 March 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards – Simplified Disclosures 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2023, 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.

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

Responsibilities of the Directors 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 in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for 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 skepticism 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.

SHINJI TSUTSUI
Partner
Chartered Accountants

Melbourne, 28 July 2023

Directors' Declaration

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 Consolidated entity.

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

On behalf of the Directors

MASAFUMI KIKUMOTO
Director

Melbourne, 28 July 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Financial Year Ended 31 March 2023

	Note	**2023 $'000**	2022 $'000
Revenue	2(a)	**198,508**	222,266
Cost of goods and services sold		**(191,316)**	(215,610)
Gross profit		**7,192**	6,656
Other revenue	2(b)	**287,656**	37,719
Share of profits from associates	8	**808,529**	923,974
Selling, general and administrative expenses		**(31,297)**	(30,466)
Borrowing costs	2(c)	**(135,086)**	(22,957)
Other expenses		**(1,146)**	(17)
Profit before income tax expense		**935,848**	914,909
Income tax expense	3	**(53,191)**	(7,527)
Profit attributable to members of the parent entity		**882,657**	907,382
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on available-for-sale asset, net of tax		**(253)**	690
Share of associates (decrease)/increase in asset revaluation reserve, net of tax	19	**(37,036)**	23,612
Fair value (loss)/gain on cash flow hedges taken to equity, net of tax		**(185)**	29
Share of associates increase in hedging reserve, net of tax	19	**90**	515
Other comprehensive income for the year, net of tax		**(37,384)**	24,846
Total comprehensive income for the year		**845,273**	932,228

Consolidated Statement of Financial Position
as at 31 March 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	26	**2,177,874**	1,172,803
Trade and other receivables	4	**285,277**	824,235
Other financial assets	5	**3,001,634**	5,628,592
Inventories	6	**48,905**	26,058
Prepayments	7	**194**	271
Total current assets		**5,513,884**	7,651,959
Non-current assets			
Investments accounted for using the equity method	8	**2,901,228**	2,821,897
Other financial assets	9	**25,373**	35,079
Property, plant and equipment	10	**22,454**	18,918
Right-of-use assets	17	**4,994**	2,923
Deferred tax assets	3(d)	**87,013**	106,723
Total non-current assets		**3,041,062**	2,985,540
Total assets		**8,554,946**	10,637,499

	Note	2023 $'000	2022 $'000
Current liabilities			
Trade and other payables	11	**163,409**	705,983
Borrowings	12	**5,184,850**	6,443,036
Other financial liabilities	13	**17,598**	15,259
Provisions	14	**1,185**	1,387
Current tax payable	3(c)	**132,226**	326,309
Lease Liabilities	17	**958**	2,295
Total current liabilities		**5,500,226**	7,494,269
Non-current liabilities			
Borrowings	12	**-**	114,943
Other financial liabilities	15	**125**	331
Deferred tax liabilities	3(d)	**43,372**	21,787
Provisions	16	**739**	806
Lease liabilities	17	**4,875**	2,027
Total non-current liabilities		**49,111**	139,894
Total liabilities		**5,549,337**	7,634,163
Net assets		**3,005,609**	3,003,336
Equity			
Issued capital	18	**20,000**	20,000
Reserves	19	**63,263**	100,647
Retained earnings	20	**2,922,346**	2,882,689
Total equity		**3,005,609**	3,003,336

Consolidated Statement of Changes in Equity
for the Financial Year Ended 31 March 2023

	Issued capital $'000	Asset revaluation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2021	20,000	80,664	(4,863)	2,732,305	2,828,106
Profit for the year	-	-	-	907,382	907,382
Other comprehensive income for the year, net of tax	-	24,302	544	-	24,846
Total comprehensive income for the year	-	24,302	544	907,382	932,228
Payment of dividends	-	-	-	(756,000)	(756,000)
Disposal of investment	-	-	-	(998)	(998)
Balance at 31 March 2022	20,000	104,966	(4,319)	2,882,689	3,003,336
Balance at 1 April 2022	**20,000**	**104,966**	**(4,319)**	**2,882,689**	**3,003,336**
Profit for the year	**-**	**-**	**-**	**882,657**	**882,657**
Other comprehensive income for the year, net of tax	**-**	**(37,289)**	**(95)**	**-**	**(37,384)**
Total comprehensive income for the year	**-**	**(37,289)**	**(95)**	**882,657**	**845,273**
Payment of dividends	**-**	**-**	**-**	**(843,000)**	**(843,000)**
Balance at 31 March 2023	**20,000**	**67,677**	**(4,414)**	**2,922,346**	**3,005,609**

Consolidated Statement of Cash Flows
for the Financial Year Ended 31 March 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		**244,544**	258,311
Payments to suppliers and employees		**(318,181)**	(204,381)
Dividends received	8	**717,695**	459,549
Interest received		**147,733**	23,711
Interest paid		**(116,154)**	(21,763)
Net loan receipts from/ (repayment to) related parties		**2,282,334**	(3,141,064)
(Repayments)/ proceeds of borrowings		**(1,373,128)**	3,160,001
Term deposits with banks		**369,027**	10,973
Net income tax received from entities within the tax consolidated group		**1,049,631**	1,039,071
Income tax paid to tax office		**(1,250,976)**	(1,074,865)
Net cash provided by operating activities		**1,752,525**	509,543
Cash flows from investing activities			
Proceeds from sale of investments		**138,507**	2
Payment on investment		**(36,628)**	-
Payment for property, plant and equipment		**(4,333)**	(28)
Net cash generated from/(used in) investing activities		**97,546**	(26)
Cash flows from financing activities			
Payment for leasing		**(2,000)**	(1,847)
Dividends paid		**(843,000)**	(756,000)
Net cash used in financing activities		**(845,000)**	(757,847)
Net increase/(decrease) in cash and cash equivalents		**1,005,071**	(248,330)
Cash and cash equivalents at the beginning of the financial year	26	**1,172,803**	1,421,133
Cash and cash equivalents at the end of the financial year	26	**2,177,874**	1,172,803

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

1. Summary of Accounting Policies

Statement of compliance

The Company does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures

The financial statements were authorised for issue by the directors on 28 July 2023.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Mitsui & Co. (Australia) Ltd (the Company) and the entities it controls (together the Group). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The presentation currency used in these financial statements is Australian dollars ($). Amounts in these financial statements are stated in Australian dollars unless otherwise noted

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 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 Consolidated entity has adopted all new and revised accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. Aside from the impact outlined below, the adoption of these new and revised accounting Standards did not have a material impact on the amounts recognised or disclosures presented within the financial statements of the Consolidated entity.

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective, however, the Directors anticipate that the initial application of the those Standards is not expected to have a material impact on the entity's financial statements. These include:

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

1. Summary of Accounting Policies (Cont'd)

Standards and Interpretations in issue not yet adopted:

Standard/Interpretations	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
• AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2023	31 March 2024
• AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	31 March 2024
• AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023	31 March 2024
• AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025	31 March 2026

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 22 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 Consolidated entity 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 Consolidated entity 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 Consolidated entity 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.

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

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 Consolidated entity 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 Consolidated entity 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.

1. Summary of Accounting Policies (Cont'd)

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

Classification

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

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

Financial assets at amortised cost

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

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

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

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 Consolidated entity 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.

Credit losses on trade and loan receivables

The Consolidated entity has elected to apply the simplified approach for all trade receivables and general approach for all loan receivables to measuring expected credit losses, using the lifetime expected loss allowance for all trade receivables.

1. Summary of Accounting Policies (Cont'd)

(h) Goods and Services Tax

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

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

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

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

(i) Impairment of assets

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

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

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

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

(j) Income tax

Current tax

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

Deferred tax

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

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.

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

1. Summary of Accounting Policies (Cont'd)

(j) Income tax (cont'd)

Deferred tax (cont'd)

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

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

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

Current and deferred tax for the period

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

Tax consolidation

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

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

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

(k) Inventories

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

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

1. Summary of Accounting Policies (Cont'd)

(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.

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.

1. Summary of Accounting Policies (Cont'd)

(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.

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.

1. Summary of Accounting Policies (Cont'd)

(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 associated with the sale of goods is recognised when the performance obligation of the sale has been made and control of the goods has transferred to the customer, which is on the delivery of the goods.

Rendering of Services

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

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

2. Profit from operations

	2023 $'000	2022 $'000
Profit before income tax includes the following items of revenue and expense:		
2(a) Revenue		
Sales revenue:		
Sale of goods	**191,979**	199,304
Rendering of services	**6,529**	22,962
	198,508	222,266
2(b) Other revenue		
Interest revenue	**147,275**	23,006
Management fees	**9,728**	11,395
Foreign exchange profit	**-**	2,339
Gain on disposal of investment (1)	**129,489**	-
Other income	**1,164**	979
	287,656	37,719

(1) The Company made a gain from the disposal of its equity investment in BHP Mitsui Coal Pty Ltd (refer to Note 8), an Australian metallurgical coal operation company, were sold on 6 October 2023 to a third party. The disposal was part of Mitsui's effort to transform and improve the quality of the business portfolio.

	2023 $'000	2022 $'000
	486,164	259,985
2(c) Borrowing costs		
Borrowing cost	**134,989**	22,818
Interest paid for leasing liability	**97**	139
	135,086	22,957
2(d) Other expenses		
Foreign exchange losses	**1,143**	-
Depreciation of property, plant and equipment	**798**	802
Depreciation of right-of-use asset	**1,736**	1,736

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

3. Income tax

		2023 $'000	2022 $'000
(a)	**Income tax recognized in profit or loss**		
	Current tax		
	In respect of the current year	**41,970**	1,195
	In respect of the prior year	**(668)**	5,741
	Deferred tax		
	In respect of the current year	**10,301**	4,713
	In respect of the prior year	**1,588**	(4,122)
	Total tax expense relating to continuing operations	**53,191**	7,527
	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	**935,848**	914,909
	Income tax expense calculated at 30%	**280,754**	274,473
	Share of losses of associates accounted for using the equity method	**(226,393)**	(268,882)
	Non deductible entertainment and other items	**187**	253
	Non assessable disposal of investment	**(1,308)**	-
	Over provision of prior year	**919**	1,619
	Income tax relating to other adjustments	**(968)**	64
		53,191	7,527

		2023 $'000	2022 $'000
(b)	**Income tax recognized in other comprehensive income**		
	Arising on gains of asset revaluation	**-**	-
	Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	**-**	293
		-	293
(c)	**Current tax liability**		
	Current tax payable to ATO	**(132,226)**	(326,309)
(d)	**Deferred tax balances**		
	Deferred tax asset	**87,013**	106,723
	Deferred tax liabilities	**(43,372)**	(21,787)
	Net deferred tax asset	**43,641**	84,936

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

3. Income tax (Cont'd)

(d) Deferred tax balances (Cont'd)

2023	**Opening balance**	**Charged to Profit and Loss**	**Charged to Equity**	**Tax losses utilised**	**Closing balance**
Deferred tax Asset in relation to:					
Provision	**2,882**	**(519)**	**-**	**-**	**2,363**
Property plant and equipment	**2,122**	**186**	**-**	**-**	**2,308**
Lease	**214**	**(91)**	**-**	**-**	**123**
Foreign currency monetary items	**6,416**	**3,585**	**-**	**-**	**10,001**
Cash flow hedge	**94**	**47**	**-**	**-**	**141**
Prepayments	**-**	**-**	**-**	**-**	**-**
Others equity accounting	**(23,889)**	**(15,015)**	**-**	**-**	**(38,904)**
Others	**249**	**(82)**	**-**	**-**	**167**
Tax losses	**96,848**	**-**	**-**	**(29,406)**	**67,442**
FVTOCI	**-**	**-**	**-**	**-**	**-**
Net deferred tax liabilities	**84,936**	**(11,889)**	**-**	**(29,406)**	**43,641**

2022	Opening balance	Charged to Profit and Loss	Charged to Equity	Transfer from subsidiaries	Closing balance
Deferred tax Liability in relation to:					
Provision	1,986	896	-	-	2,882
Property plant and equipment	2,675	(553)	-	-	2,122
Lease	(97)	311	-	-	214
Foreign currency monetary items	17,277	(10,861)	-	-	6,416
Cash flow hedge	346	41	(293)	-	94
Prepayments	-	-	-	-	-
Others equity accounting	(16,873)	(7,016)	-	-	(23,889)
Others	(16,289)	16,538	-	-	249
Tax losses	92,376	-	-	4,472	96,848
FVTOCI	(53)	53	-	-	-
Net deferred tax liabilities	81,348	(591)	(293)	4,472	84,936

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

4. Trade and other receivables

	2023 $'000	2022 $'000
At amortised cost		
Trade receivables	**47,017**	61,510
Income tax receivables from related parties	**236,324**	760,439
Other receivables	**1,936**	2,286
	285,277	824,235

5. Current other financial assets

At amortised cost		
Loans	**2,978,791**	5,252,077
Term deposit (over 3 months)	**-**	369,027
At fair value		
Foreign currency forward contracts	**22,843**	7,487
Interest rate swaps	**-**	1
	3,001,634	5,628,592

6. Current inventories

	2023 $'000	2022 $'000
Finished goods on hand and in transit:		
At cost	**48,905**	26,058

The cost of inventories recognised as an expense during the period was $181,083 (2022: $182,980).

7. Prepayments

Prepayments	**194**	271

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

8. Investments accounted for using the equity method

	2023 $'000	2022 $'000
Investments in associates		
Non-Current	**2,901,228**	2,821,897

		Ownership interest	
		2023	2022
Name of entity	**Principal Activity**	**%**	%
Mitsui Resources Pty Ltd	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
Position Partners Pty Ltd	Industrial machinery	**32.0**	8.0
Komatsu Australia Corporate Finance Pty Ltd	Finance	**4.0**	4.0
Komatsu Marketing Support Australia Pty Ltd	Industrial machinery	**3.8**	4.0

Summarised financial information of associates:

	2023 $'000	2022 $'000
Current assets	**8,945,733**	9,292,664
Non-current assets	**11,236,184**	12,525,265
Total assets	**20,181,917**	21,817,929
Current liabilities	**(2,624,830)**	(2,790,821)
Non-current liabilities	**(2,527,715)**	(3,318,094)
Total liabilities	**(5,152,545)**	(6,108,915)
Net assets	**15,029,372**	15,709,014
Revenue	**14,387,263**	13,738,402
Net profit	**4,800,429**	4,807,996
Share of associates' profit or loss		
Current year:		
Share of profit before income tax	**1,087,300**	1,218,314
Income tax expense	**(278,771)**	(294,340)
Total share of associates' profit	**808,529**	923,974

Dividends from associates

During the current year the Consolidated entity received dividends from associates amounting to $717,695 thousand (2022: $459,549 thousand) which is included in the share of profit from associates.

9. Non current other financial assets

	2023 $'000	2022 $'000
At cost:		
Other	**187**	549
At amortised cost:		
Long term loans	**24,715**	33,764
Capital leasing receivable	**471**	766
	25,373	35,079

10. Property, plant and equipment

	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 2022	**6,350**	**14,820**	**3,311**	**2,468**	**3,635**	**30,584**
Additions	**-**	**-**	**1,326**	**216**	**2,791**	**4,333**
Disposals	**-**	**-**	**(1)**	**(3)**	**-**	**(4)**
Balance at 31 March 2023	**6,350**	**14,820**	**4,636**	**2,681**	**6,426**	**34,913**
Accumulated depreciation						
Balance at 31 March 2022	**-**	**3,496**	**2,255**	**2,290**	**3,625**	**11,666**
Depreciation expense	**-**	**371**	**294**	**130**	**2**	**797**
Disposals	**-**	**-**	**(1)**	**(3)**	**-**	**(4)**
Balance at 31 March 2023	**-**	**3,867**	**2,548**	**2,417**	**3,627**	**12,459**
Net book value						
As at 31 March 2022	6,350	11,324	1,056	178	10	18,918
As at 31 March 2023	**6,350**	**10,953**	**2,088**	**264**	**2,799**	**22,454**

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

11. Current trade and other payables

	2023 $'000	2022 $'000
Trade creditors	**22,695**	53,853
Income tax payables to related parties	**113,559**	544,671
Other creditors	**27,155**	107,459
	163,409	705,983

12. Borrowings

At amortised cost		
Unsecured:		
Short term borrowings	**5,184,850**	6,443,036
At amortised cost		
Secured:		
Long term borrowings	**-**	114,943

13. Other current financial liabilities

At fair value		
Foreign currency forward contracts	**17,598**	15,259

14. Current provisions

	2023 $'000	2022 $'000
Employee entitlements	**1,185**	1,387

15. Other non-current financial liabilities

At fair value		
Interest rate swaps	**125**	331

16. Non-current provisions

Employee entitlements	**739**	806

17. Leases

Non-current Assets		
Right-of-use assets	**4,994**	2,923
Current liabilities		
Lease liabilities	**958**	2,295
Non-current liabilities		
Lease liabilities	**4,875**	2,027
Total Lease liabilities	**5,833**	4,322
Amounts recognised in the statement of profit and loss		
Depreciation charge on right-of-use assets – Buildings	**1,736**	1,736
Interest expense on lease liabilities	**97**	139

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

18. Issued capital

	No.	$
Fully paid ordinary shares		
Balance at 31 March 2021	10,000,000	20,000,000
Issue of shares	-	-
Balance at 31 March 2022	**10,000,000**	**20,000,000**
Issue of shares	**-**	**-**
Balance at 31 March 2023	**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.

19. Reserves

	2023 **$'000**	2022 $'000
Asset revaluation reserve	**67,677**	104,966
Hedging reserve	**(4,414)**	(4,319)
	63,263	100,647
Asset revaluation reserve		
Balance at the beginning of the financial year	**104,966**	80,664
• (Loss)/ gain arising on revaluation of non-current financial asset, net of tax	**(253)**	690
• Share of associates (decrease)/ increase in asset revaluation reserve, net of tax	**(37,036)**	23,612
Balance at the end of the financial year	**67,677**	104,966
Hedging reserve		
Balance at the beginning of the financial year	**(4,319)**	(4,863)
• Profit recognised on forward exchange contracts	**(185)**	29
• Share of associates movement in hedging reserve, net of tax	**90**	515
Balance at the end of the financial year	**(4,414)**	(4,319)

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

20. Retained earnings

	2023 **$'000**	2022 $'000
Balance at the beginning of the financial year	**2,882,689**	2,732,305
Net profit attributable to members of the parent entity	**882,657**	907,382
Dividends paid or provided for	**(843,000)**	(756,000)
Disposal of investment	**-**	(998)
Balance at the end of the financial year	**2,922,346**	2,882,689

21. Dividends

Dividends paid or provided for, fully franked at 30%	**843,000**	756,000

22. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See Note 1 for a summary of the significant accounting policy relating to the Consolidated entity.

	2023 $'000	2022 $'000
Financial position		
Assets		
Current assets	**374,099**	1,118,489
Non-current assets	**339,298**	404,929
Total assets	**713,397**	1,523,418
Liabilities		
Current liabilities	**268,999**	1,046,388
Non-current liabilities	**10,083**	6,631
Total liabilities	**279,082**	1,053,019
Equity		
Issued capital	**20,000**	20,000
Retained earnings	**318,966**	354,797
Reserves	**95,349**	95,602
Total equity	**434,315**	470,399
Financial performance		
Profit for the year before income tax expense	**843,975**	477,353
Income tax (expense)/benefit	**(36,807)**	418
Profit for the year after income tax expense	**807,168**	477,771
Other comprehensive income	**(253)**	690
Total comprehensive income for the year	**806,915**	478,461
Contingent liabilities of the parent entity		
Contingent liabilities of the parent entity	**179,436**	176,593

		Ownership Interest	
	Country of Incorporation	**2023 %**	2022 %
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

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

23. Expenditure commitments

	2023 $'000	2022 $'000
(a) 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	**39,861**	49,029

24. Contingent liabilities

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

	2023 $'000	2022 $'000
(a) The Company has given performance guarantees in respect of various contracts to other corporations	**23,253**	13,978
(b) The Company has given performance guarantees in respect of various contracts to ultimate parent company	**156,183**	162,615

25. Related party transactions

	2023 $'000	2022 $'000
(a) Key Management personnel compensation		
The remuneration of directors and other members of key management personnel during the year was as follows:	**2,377**	3,405

Notes to the Financial Statements
for the Financial Year Ended 31 March 2023

25. Related party transactions (cont'd)

(b) Transactions with other related parties

During the year, Consolidated entity entered into the following transactions with other related parties that are not members of the Consolidated entity:

	Parent entity $'000 [(1)]	Group companies $'000 [(2)]	Other related parties $'000 [(3)]
2023			
Sales of goods	**18,786**	**38,881**	-
Purchases of goods	**(22,218)**	**(40,061)**	**(31,480)**
Interest received	**79,958**	**29,193**	**-**
Interest paid	**-**	**(134,027)**	**(6,839)**
Other income	**8,811**	**1,640**	**25**
2022			
Sales of goods	51,690	59,647	1,638
Purchases of goods	(12,555)	(15,034)	(38,402)
Interest received	3,370	14,241	-
Interest paid	-	(22,315)	(414)
Other income	9,377	216,087	14,548

The following balances were outstanding at the end of the reporting period:

	Parent Entity $'000 [(1)]	Group companies $'000 [(2)]	Other related parties $'000 [(3)]	KMP $'000 [(4)]
2023				
Account receivables	**576**	**2,125**	**-**	**-**
Account payables	**(1,407)**	**(3,685)**	**(8,472)**	**-**
Other receivables	**1,589**	**-**	**7**	**-**
Other payables	**(1,281)**	**(64,625)**	**(1,535)**	**-**
Loans receivable	**2,553,763**	**440,147**	**-**	**-**
Loans payable	**-**	**(4,921,303)**	**(263,547)**	**-**
Income tax receivables[(5)]	**-**	**236,324**	**-**	**-**
Income tax payables[(5)]	**-**	**(113,559)**	**-**	**-**
2022				
Account receivables	3,695	9,693	11	-
Account payables	(14,867)	(2,474)	(26,190)	-
Other receivables	4,070	444,109	8	-
Other payables	1,258	(547,047)	130	-
Loans receivable	3,002,052	2,282,777	-	-
Loans payable	-	(6,211,545)	(231,490)	-
Income tax receivables[(5)]	-	313,730	-	-
Income tax payables[(5)]	-	(99,756)	-	-

(1) Parent entity in note 25 (b) refers to Mitsui & Co., Ltd. which is the ultimate parent of the Consolidated entity.

(2) Group companies in note 25 (b) refer to the subsidiaries of Mitsui & Co., Ltd.

(3) Other related parties in note 25 (b) refer to the associates of Mitsui & Co., Ltd.

(4) Key management personnel ("KMP") include directors and other members of key management personnel per company's determination.

(5) Tax receivables/(payables) from the members under the tax consolidated group which Mitsui & Co. (Australia) Ltd. is the head entity in line with Note 1 (j).

26. Cash and cash equivalents

Reconciliation to cash at the end of the year

For the purpose of the statement of cash flows, 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 statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2023 **$'000**	2022 $'000
Cash and cash equivalents	**2,177,874**	1,172,803

27. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases for measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liabilities and equity instrument are disclosed in note 1.

27. Financial instruments (Cont'd)

(b) Categories of financial instruments

	2023 $'000	2022 $'000
Current and non-current financial assets:		
Cash and bank balances	**2,177,874**	1,172,803
Trade and other receivables	**285,277**	824,235
Short-term and long-term loans	**3,003,506**	5,285,841
Term deposit	**-**	369,027
Capital leasing receivable	**471**	766
Interest rate swaps[1]	**-**	1
Foreign currency forward contracts[2]	**22,843**	7,487
	5,489,971	7,660,160
Current and non-current financial liabilities:		
Short-term and long-term borrowings	**5,184,850**	6,557,979
Interest rate swaps[1]	**125**	331
Foreign currency forward contracts[2]	**17,598**	15,259
	5,202,573	6,573,569

(1) Interest rate swaps

Interest rate swaps contracts are designated and effective as hedging instruments carried at fair value. Under the contracts, the Consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Consolidated entity to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed above.

(2) Foreign currency forward contracts

Foreign currency forward contracts are designated and effective as hedging instruments carried at fair value. The fair value of the foreign currency forward contracts at the end of the reporting period is determined by discounting the future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The fair value of the foreign currency forward contracts have been disclosed above.

(c) Financing facilities

	2023 $'000	2022 $'000
Unsecured bank overdraft facility:		
amount used	**-**	-
amount unused	**1,058,260**	725,231
Secured bank overdraft facility:		
amount used	**-**	-
amount unused	**7,641**	6,783

28. Remuneration of Auditors

	2023	2022
Paid or accrued to auditors of the company:		
Auditing the financial report	**470,000**	452,000
Other audit services (J-SOX)	**32,300**	31,000
	502,300	483,000

The auditor of the company is Deloitte Touche Tohmatsu.

Notes to the Financial Statements
for the Financial Year Ended 31 March 2022

29. 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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

30. Additional Company Information

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

Principal Registered Office	**Principal Place of Business**
Level 15, 101 Collins Street Melbourne VIC 3000	Level 15, 101 Collins Street Melbourne VIC 3000

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MITSUI & CO. (AUSTRALIA) LTD.

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