Consolidated Financial Results for the Nine-Month Period Ended December 31, 2017 [IFRS]

Tokyo, February 2, 2018 - Mitsui & Co., Ltd. announced its consolidated financial results for the nine-month period ended December 31, 2017, based on International Financial Reporting Standards ("IFRS").

Mitsui & Co., Ltd. and subsidiaries
(Web Site : http://www.mitsui.com/jp/en/)

President and Chief Executive Officer : Tatsuo Yasunaga
Investor Relations Contacts : Yuji Mano, General Manager, Investor Relations Division TEL 81-3-3285-7533

1. Consolidated financial results

(1) Consolidated operating results information for the nine-month period ended December 31, 2017
(from April 1, 2017 to December 31, 2017)

		Nine-month period ended December 31,			
		2017	%	2016	%
Revenue	Millions of yen	3,653,010	15.0	3,175,776	∆ 13.6
Profit before income taxes	Millions of yen	475,040	39.0	341,706	30.8
Profit for the period	Millions of yen	394,215	62.1	243,229	60.7
Profit for the period attributable to owners of the parent	Millions of yen	376,834	63.6	230,333	71.3
Comprehensive income for the period	Millions of yen	587,688	53.4	383,061	-
Earnings per share attributable to owners of the parent, basic	Yen	213.63		128.50	
Earnings per share attributable to owners of the parent, diluted	Yen	213.48		128.43	

Note:
Percentage figures for Revenue, Profit before income taxes, Profit for the period, Profit for the period attributable to owners of the parent, and Comprehensive income for the period represent changes from the previous year.

(2) Consolidated financial position information

		December 31, 2017	March 31, 2017
Total assets	Millions of yen	11,861,630	11,501,013
Total equity	Millions of yen	4,463,640	3,990,162
Total equity attributable to owners of the parent	Millions of yen	4,192,126	3,732,179
Equity attributable to owners of the parent ratio	%	35.3	32.5

2. Dividend information

		Year ended March 31,		Year ending March 31, 2018 (Forecast)
		2018	2017	
Interim dividend per share	Yen	30	25	
Year-end dividend per share	Yen		30	40
Annual dividend per share	Yen		55	70

Note :
Change from the latest released dividend forecast: Yes

3. Forecast of consolidated operating results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

		Year ending March 31, 2018
Profit attributable to owners of the parent	Millions of yen	440,000
Earnings per share attributable to owners of the parent, basic	Yen	249.44

Note :
Change from the latest released earnings forecast: Yes

4. Others
(1) Increase/decrease of important subsidiaries during the period : None

(2) Changes in accounting policies and accounting estimate :
(i) Changes in accounting policies required by IFRS None
(ii) Other changes None
(iii) Changes in accounting estimates Yes
Note :
For further details please refer to page 21 "4. Condensed Consolidated Financial Statements (6) Changes in Accounting Estimates".

(3) Number of shares :

	December 31, 2017	March 31, 2017
Number of shares of common stock issued, including treasury stock	1,796,514,127	1,796,514,127
Number of shares of treasury stock	32,532,852	32,558,297

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2016
Average number of shares of common stock outstanding	1,763,969,276	1,792,507,356

This quarterly earnings report is not subject to quarterly review.

A Cautionary Note on Forward-Looking Statements:
This report contains forward-looking statements including those concerning future performance of Mitsui & Co., Ltd. ("Mitsui"), and those statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it. Various factors may cause Mitsui's actual results to be materially different from any future performance expressed or implied by these forward-looking statements. Therefore, these statements do not constitute a guarantee by Mitsui that such future performance will be realized.
For key assumptions on which the statements concerning future performance are based, please refer to (1) "Forecasts for the Year Ending March 31, 2018" on p.12. For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on p.14.

Supplementary materials and IR meetings on financial results:
Supplementary materials on financial results can be found on our web site.
We will hold an IR meeting on financial results for analysts and institutional investors on February 5, 2018.
Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

Table of Contents

1. Qualitative Information

As of the date of disclosure of this quarterly earnings report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are in progress.

(1) Operating Environment

In the global economy in the nine-month period ended December 31, 2017, a steady recovery continued in both developed countries and emerging countries supported by resilient spending and investment.

In the U.S., consumer spending continues to be firm supported by a favorable environment for employment and employee income. At the same time, tax reform is expected to drive capital investment. As such, economic recovery is expected to continue for the time being. In Europe as well, the economy is expected to continue to be firm following growth in spending and investment. Also, in Japan, consumer spending is expected to maintain a trend of recovery following improvement in the employment environment, and, driven by the firm global economy, increases are expected in exports and production. In addition, construction investment for the Olympic and Paralympic Games is in full swing. As such, economic recovery in Japan is expected to continue going forward. Meanwhile, although growth is expected to weaken in China in the medium term following an environment of excess capacity and adjustments of debts, future growth is expected in India due to the progress of economic reform such as the introduction of the Goods and Services Tax. Also, economic recovery is expected in Russia and Brazil due in part to a moderate increase in the price of international commodities.

The global economy is expected to follow a trend of gentle recovery going forward. However, careful watch continues to be needed on the future prospects for the U.S. economy, which has shown signs of maturity in some parts, and China's future policy trends, in addition to the escalation of geopolitical risk surrounding the Middle East and East Asia.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		3,653.0	3,175.8	+477.2
Gross profit		609.9	508.2	+101.7
Selling, general and administrative expenses		(412.9)	(394.8)	(18.1)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	62.2	51.6	+10.6
	Impairment Reversal (Loss) of Fixed Assets—Net	(18.9)	(0.3)	(18.6)
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	14.9	5.1	+9.8
	Other Income (Expense)—Net	19.5	6.7	+12.8
	Provision Related to Multigrain Business	(30.4)	-	(30.4)
Finance Income (Costs)	Interest Income	24.5	24.3	+0.2
	Dividend Income	68.0	43.5	+24.5
	Interest Expense	(50.0)	(41.1)	(8.9)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		188.3	138.6	+49.7
Income Taxes		(80.8)	(98.5)	+ 17.7
Profit for the Period		394.2	243.2	+151.0
Profit for the Period Attributable to Owners of the Parent		376.8	230.3	+146.5

* May not match with the total of items due to rounding off. The same shall apply hereafter.

Revenue

Revenue from sales of products for the nine-month period ended December 31, 2017 (“current period”) was ¥3,212.4 billion, an increase of ¥423.6 billion from the corresponding nine-month period of the previous year (“previous period”), and revenue from rendering of services for the current period was ¥336.2 billion, an increase of ¥39.1 billion from the previous period. Furthermore, other revenue for the current period was ¥104.4 billion, an increase of ¥14.5 billion from the previous period.

Gross Profit

Mainly the Mineral & Metal Resources Segment, the Energy Segment and the Innovation & Corporate Development Segment reported an increase in gross profit, while the Chemicals Segment recorded a decline.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, a gain on securities was recorded in the Mineral & Metal Resources Segment, while a loss on securities was recorded in the Machinery & Infrastructure Segment. For the previous period, a gain on securities was recorded in the Mineral & Metal Resources Segment and the Lifestyle Segment.

Impairment Reversal (Loss) of Fixed Assets—Net

For the current period, an impairment loss on fixed assets was recorded in the Lifestyle Segment and the Machinery & Infrastructure Segment.

Gain (Loss) on Disposal or Sales of Fixed Assets—Net

For the current period, a gain on disposal of fixed assets was recorded in the Lifestyle Segment and the Innovation & Corporate Development Segment.

Other Income (Expense)—Net

The Iron & Steel Products Segment recorded a valuation profit on the derivative in relation to a price adjustment clause for an investment in an equity accounted investee and exploration expenses declined mainly in the Energy Segment. Meanwhile, the Innovation & Corporate Development Segment recorded a deterioration of foreign exchange gains (losses) in the commodity derivatives trading business, which corresponded to related gross profit.

Provision Related to Multigrain Business

The Lifestyle Segment recorded a provision related to Multigrain business due to the deterioration of the business environment.

Finance Income (Costs)

Dividend Income

Mainly the Energy Segment reported an increase.

Share of Profit (Loss) of Investments Accounted for Using the Equity Method

Mainly the Machinery & Infrastructure Segment, the Mineral & Metal Resources Segment and the Energy Segment recorded an increase.

Income Taxes

For the current period, deferred tax liabilities on the investment into Valepar S.A. were reversed. Furthermore, deferred tax liabilities on equity accounted investments were reversed upon receiving dividends from those investees, and deferred tax liabilities were reversed due to the U.S. tax reform. On the

other hand, income taxes for the current period increased as profit before income taxes for the current period increased by ¥133.3 billion, and deferred tax assets on equity accounted investments as well as Multigrain Trading AG were reversed.
The effective tax rate for the current period was 17.0%, a decline of 11.8% from 28.8% for the previous period. The aforementioned reversal of deferred tax liabilities resulted in the decline, while the reversal of deferred tax assets caused the increase.

Profit for the Period Attributable to Owners of the Parent
Profit for the period attributable to owners of the parent was ¥376.8 billion, an increase of ¥146.5 billion from the previous period.

2) Operating Results by Operating Segment

Effective April 1, 2017, the region-focused reporting segments were aggregated into product-focused reporting segments, and the allocation of overhead costs and income taxes to reporting segments was changed. In accordance with the aforementioned changes, the operating segment information for the previous period has been restated to conform to the operating segments as of April 2017.

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	22.1	4.5	+17.6
Gross profit	33.3	25.3	+8.0
Profit (loss) of equity method investments	10.0	7.9	+2.1
Dividend income	2.2	2.5	(0.3)
Selling, general and administrative expenses	(24.2)	(25.4)	+1.2
Others	0.8	(5.8)	+6.6

- Gross profit increased mainly due to the following factor:
  - Champions Cinco Pipe & Supply LLC reported an increase of ¥3.5 billion mainly due to market recovery.
- In addition to the above, the following factor also affected results:
  - For the current period, a valuation profit on the derivative of ¥7.0 billion was recorded in relation to a price adjustment clause for the investment in Gestamp Automoción S.A.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	229.3	100.0	+129.3
Gross profit	161.6	109.0	+52.6
Profit (loss) of equity method investments	48.5	36.3	+12.2
Dividend income	9.0	1.1	+7.9
Selling, general and administrative expenses	(24.3)	(23.5)	(0.8)
Others	34.5	(22.9)	+57.4

- Gross profit increased mainly due to the following factors:
  - Coal mining operations in Australia reported an increase of ¥24.9 billion reflecting higher coal prices.
  - Iron ore mining operations in Australia reported an increase of ¥22.5 billion due to higher iron ore prices.
- Profit (loss) of equity method investments increased mainly due to the following factors:

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, reported an increase of ¥6.1 billion, mainly due to a reversal of impairment loss.
- Robe River Mining Co. Pty. Ltd reported an increase of ¥3.7 billion mainly due to higher iron ore prices.
- BHP Billiton Mitsui Coal Pty Ltd. reported an increase of ¥3.5 billion reflecting higher coal prices.
- SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported an improvement of ¥3.5 billion mainly due to higher copper prices.
- Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile, reported an increase of ¥3.5 billion mainly due to higher copper prices.
- Valepar S.A. declined by ¥7.5 billion mainly due to the incorporation by Vale S.A. in the three month period ended September 30, 2017.

- For the current period, a dividend from Vale S.A. of ¥4.1 billion was recorded.
- In addition to the above, the following factors also affected results:
    - Following the incorporation of Valepar S.A. by Vale S.A., the Mineral & Metal Resources Business Unit reported a gain on securities of ¥56.3 billion and the reversal of deferred tax liability of ¥35.2 billion for the taxable temporary differences on the investment in Valepar S.A.
    - For the current period, following the dividend received from Inner Mongolia Erdos Electric Power & Metallurgical Ltd, the reversal of deferred tax liability for the taxable temporary differences on the equity accounted investment was reported.
    - For the previous period, as a result of the deconsolidation of Sims Metal Management from an equity accounted investee, a profit of ¥26.9 billion on securities was recorded.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	79.0	51.9	+27.1
Gross profit	91.9	84.5	+7.4
Profit (loss) of equity method investments	80.7	60.5	+20.2
Dividend income	2.7	2.4	+0.3
Selling, general and administrative expenses	(90.5)	(85.2)	(5.3)
Others	(5.8)	(10.3)	+4.5

- Gross profit increased mainly due to the following factor:
    - Mitsui & Co. Plant Systems, Ltd. reported an increase of ¥3.1 billion reflecting a higher volume of sales in the electricity business.
- Profit (loss) of equity method investments increased mainly due to the following factors:
    - IPP businesses recorded an increase of ¥24.0 billion.
        - For the current period, ¥20.3 billion in gains on the sales of interests in the UK IPP business were recorded.
        - For the previous period, a loss in relation to closure of a power plant in Australia was recorded.
        - Mark-to-market valuation losses, such as those on long-term derivative contracts, were improved by ¥2.9 billion to ¥0.2 billion from ¥3.1 billion for the previous period.
        - The IPP business in Indonesia recorded a decline of tax burden due to the Indonesian tax reform for the previous period, while it recorded a ¥3.9 billion gain due to its refinance for the current period.
    - Penske Automotive Group, Inc. recorded an increase of ¥3.3 billion mainly due to the U.S. tax reform.
    - For the current period, reserves of ¥5.3 billion for financing projects in Latin America were recorded.
    - For the current period, a loss was recorded at an equity accounted investee due to an anticipated deterioration of overseas project.

- In addition to the above, the following factors also affected results:
  - For the current period, following the dividend received from the IPP project, the reversal of deferred tax liability for the taxable temporary differences on the equity accounted investment was reported.
  - For the current period, an impairment loss of ¥4.9 billion on fixed assets was recorded in relation to container terminal development and operation.
  - For the current period, a financing subsidiary of the IPP business in Indonesia recorded a loss of ¥4.1 billion due to the refinance.
  - For the current period, a holding company for UK IPP business recorded a valuation loss of ¥3.5 billion on securities, following the sales of the interests.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	27.5	24.6	+ 2.9
Gross profit	104.1	109.5	(5.4)
Profit (loss) of equity method investments	7.8	2.1	+5.7
Dividend income	1.9	1.7	+0.2
Selling, general and administrative expenses	(73.0)	(69.2)	(3.8)
Others	(13.3)	(19.5)	+6.2

- Gross profit declined mainly due to the following factor:
  - Novus International, Inc. reported a decline of ¥15.4 billion mainly due to lower methionine prices.
- Profit (loss) of equity method investments increased mainly due to the following factor:
  - International Methanol Company reported an increase of ¥3.0 billion mainly due to higher methanol prices.
- In addition to the above, the following factor also affected results:
  - For the current period, Intercontinental Terminals Company LLC reported a gain of ¥8.2 billion due to a reversal of deferred tax liabilities upon the U.S. tax reform.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	35.0	23.6	+11.4
Gross profit	68.1	43.4	+24.7
Profit (loss) of equity method investments	16.8	10.1	+6.7
Dividend income	44.3	27.3	+17.0
Selling, general and administrative expenses	(31.8)	(31.5)	(0.3)
Others	(62.4)	(25.7)	(36.7)

- Gross profit increased mainly due to the following factors:
  - Mitsui E&P USA LLC reported an increase of ¥8.8 billion mainly due to higher gas prices.
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥8.3 billion mainly due to foreign currency fluctuation and cost reductions.
  - Mitsui E&P Australia Pty Ltd reported an increase of ¥4.2 billion mainly due to higher crude oil prices and an increase in production.
  - MEP Texas Holdings LLC reported an increase of ¥4.0 billion mainly due to higher crude oil prices.
  - Mitsui E&P Middle East B.V. reported an increase of ¥3.9 billion mainly due to higher crude oil prices and an increase in production.
- Profit of equity method investment increased mainly due to the following factor:

- Japan Australia LNG (MIMI) Pty. Ltd. reported an increase due to higher crude oil prices.

- Dividends from six LNG projects (Sakhalin II, Abu Dhabi, Qatargas 1, Oman, Qatargas 3 and Equatorial Guinea) were ¥43.1 billion in total, an increase of ¥17.5 billion from the previous period.
- In addition to the above, the following factors also affected results:
  - For the current period, MEPUS Holdings LLC, a holding company of U.S. shale gas and oil production business, reported a loss of ¥15.0 billion due to a reversal of deferred tax assets following the U.S. tax reform.
  - For the current period, exploration expenses of ¥4.5 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd. For the previous period, exploration expenses of ¥6.1 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit (loss) for the period attributable to owners of the parent	(26.7)	27.3	(54.0)
Gross profit	107.1	104.4	+2.7
Profit (loss) of equity method investments	18.3	19.1	(0.8)
Dividend income	4.0	4.1	(0.1)
Selling, general and administrative expenses	(112.5)	(103.3)	(9.2)
Others	(43.6)	3.0	(46.6)

- Gross profit increased mainly due to the following factors:
  - XINGU AGRI AG reported an increase of ¥5.0 billion mainly due to the reversal effect of the drought in the previous period.
  - Multigrain Trading AG reported a decline of ¥4.2 billion mainly due to the poor performance of the origination and merchandising business.
- Profit (loss) of equity method investments declined mainly due to the following factor:
  - Ventura Foods LLC reported a decline of ¥3.3 billion mainly due to the poor performance of the edible oil products business.
- In addition to the above, the following factors also affected results:
  - For the current period, Multigrain Trading AG recorded a provision of ¥32.5 billion due to the deterioration of the business environment and tax expenses of ¥8.6 billion mainly resulting from the reversal of deferred tax assets.
  - For the previous period, a ¥14.6 billion gain on sale of shares was recorded due to the partial sale of shares in IHH Healthcare Berhad.
  - For the current period, XINGU AGRI AG recorded an impairment loss on fixed assets of ¥10.9 billion due to a decline in the value of land.
  - For the current period, Mitsui & Co. Real Estate Ltd. recorded a gain on the sales of buildings in Japan.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	5.3	6.9	(1.6)
Gross profit	41.5	30.4	+11.1
Profit (loss) of equity method investments	6.4	2.9	+3.5
Dividend income	2.6	3.1	(0.5)
Selling, general and administrative expenses	(37.8)	(37.2)	(0.6)
Others	(7.4)	7.7	(15.1)

- Gross profit increased mainly due to the following factors:
  - A ¥12.7 billion gain was recorded due to the valuation gains of fair value on shares for the current period in Hutchison China MediTech Ltd.
  - An increase in gross profit corresponding to a deterioration of ¥4.5 billion in foreign exchange gains and losses related to the commodity derivatives trading business at Mitsui posted in other expense for the current period and in the previous period.
  - For the current period, a ¥6.5 billion loss was recorded due to the valuation losses of fair value on shares of a high speed mobile data network operator in developing countries.
- In addition to the above, the following factors also affected results:
  - For the current period and for the previous period, foreign exchange losses of ¥1.0 billion and profits of ¥3.5 billion were posted, respectively, in other expense in relation to the commodity derivatives trading business.
  - For the current period, a gain on the sales of warehouses in Japan was recorded.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of yen)	December 31, 2017	March 31, 2017	Change
Total Assets	11,861.6	11,501.0	+360.6
Current Assets	4,530.0	4,474.7	+55.3
Non-current Assets	7,331.6	7,026.3	+305.3
Current Liabilities	2,731.0	2,524.0	+207.0
Non-current Liabilities	4,667.0	4,986.9	(319.9)
Net Interest-bearing Debt	*3,163.9*	*3,282.1*	*(118.2)*
Total Equity Attributable to Owners of the Parent	4,192.1	3,732.2	+459.9
Net Debt-to-Equity Ratio (times)	0.75	0.88	(0.13)

Assets

Current Assets:

- Cash and cash equivalents declined by ¥294.0 billion, mainly due to repayment of debt.
- Trade and other receivables increased by ¥173.2 billion, mainly because December 31, 2017 fell under the financial institutions' holiday and trading volume increased in the Mineral & Metal Resources Segment, the Energy Segment, and the Lifestyle Segment.
- Other financial assets increased by ¥67.5 billion, mainly due to price fluctuations and an increase in trading volume of the commodity derivatives trading business in the Innovation & Corporate Development Segment and oil trading business in the Energy Segment, as well as an increase in accrued income from infrastructure usage in iron ore mining operations in Australia.
- Advance payments to suppliers increased by ¥75.0 billion, mainly due to an increase in trading volume

in the Machinery & Infrastructure Segment.

Non-current Assets:

- Investments accounted for using the equity method declined by ¥146.3 billion, mainly due to the following factors:
  - A decline of ¥250.8 billion corresponding to the incorporation of Valepar S.A. by Vale S.A.;
  - An increase of ¥48.3 billion due to an additional acquisition of a stake in Penske Truck Leasing Co., L.P., which is engaged in truck leasing and rental business in North America;
  - An increase of ¥12.7 billion due to an investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S.;
  - An increase of ¥34.4 billion resulting from foreign currency exchange fluctuations; and
  - An increase of ¥188.3 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥230.0 billion due to dividends received from equity accounted investees.
- Other investments increased by ¥575.1 billion, mainly due to the following factors:
  - An increase of ¥307.1 billion corresponding to the incorporation of Valepar S.A. by Vale S.A.;
  - Fair value on financial assets measured at FVTOCI increased by ¥211.8 billion mainly due to higher share prices; and
  - An increase of ¥14.2 billion due to an investment in the Russian pharmaceutical company JSC R-Pharm.
- Trade and other receivables (Non-Current) declined by ¥59.4 billion, mainly due to the following factors:
  - A decline of ¥28.0 billion due to collection of loan to the IPP business in Indonesia;
  - A decline of ¥19.4 billion due to collection of loan to SUMIC Nickel Netherlands, an investment company for overseas Nickel businesses; and
  - An increase of ¥15.0 billion due to execution of loan to the offshore energy business.
- Property, plant and equipment declined by ¥29.8 billion. Shale gas and oil projects in the U.S. declined by ¥24.2 billion (including a foreign exchange translation gain of ¥0.9 billion), mainly due to partial sale of interest in the Marcellus Shale Gas Project.
- Deferred tax assets declined by ¥39.0 billion, mainly due to a reduction in the corporate tax rate following the U.S. tax reform.

<u>Liabilities</u>

Current Liabilities:

- Short-term debt declined by ¥78.5 billion, mainly due to repayment of debt. Meanwhile, the current portion of long-term debt increased by ¥30.5 billion, mainly due to reclassification to current maturities, despite repayment of debt.
- Trade and other payables increased by ¥140.0 billion, corresponding to the increase in trade and other receivables. Furthermore, advances from customers increased by ¥68.4 billion, corresponding to the increase in advance payments to suppliers.

Non-current Liabilities:

- Long-term debt, less the current portion declined by ¥353.2 billion, mainly due to reclassification to current maturities and repayment of debt.
- Provisions increased by ¥19.0 billion, mainly due to the recording of a provision related to Multigrain business.
- Deferred tax liabilities increased by ¥12.8 billion, mainly due to the increase in financial assets measured at FVTOCI corresponding to higher share prices, despite the reversal of deferred tax liability for the retained earnings of Valepar S.A. corresponding to the incorporation of Valepar S.A. by Vale S.A., the reversal of deferred tax liability on undistributed profits corresponding to receipt of dividend

from the equity accounted investees which are engaged in the IPP business, and a reduction in the corporate tax rate following the U.S. tax reform.

Total Equity Attributable to Owners of the Parent

- Retained earnings increased by ¥274.2 billion.
- Other components of equity increased by ¥186.5 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥157.3 billion, mainly due to higher share prices.
  - Foreign currency translation adjustments increased by ¥29.1 billion, mainly reflecting the appreciation of the Australian dollar against the Japanese yen.

2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	403.0	221.0	+182.0
Cash flows from investing activities	(184.1)	(244.2)	+60.1
Free cash flow	218.9	(23.2)	+242.1
Cash flows from financing activities	(525.6)	98.1	(623.7)
Effect of exchange rate changes on cash and cash equivalents	12.6	19.8	(7.2)
Change in cash and cash equivalents	(294.1)	94.7	(388.8)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	403.0	221.0	+182.0
Cash flows from change in working capital	b	(146.6)	(127.9)	(18.7)
Core operating cash flow	a-b	549.6	348.9	+200.7

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥146.6 billion of net cash outflow mainly due to the effects of an increase in trade and other receivables. Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease in working capital, for the current period amounted to ¥549.6 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥290.1 billion, an increase of ¥134.3 billion from ¥155.8 billion for the previous period.
  - Depreciation and amortization for the current period was ¥146.8 billion, a decline of ¥0.3 billion from ¥147.1 billion for the previous period.

The following table shows core operating cash flow by operating segment.

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	19.3	(0.3)	+19.6
Mineral & Metal Resources	174.2	135.8	+38.4
Machinery & Infrastructure	128.8	52.0	+76.8
Chemicals	36.6	41.4	(4.8)
Energy	146.0	101.1	+44.9
Lifestyle	13.1	9.3	+3.8
Innovation & Corporate Development	5.7	0.9	+4.8

All Other and Adjustments and Eliminations	25.9	8.7	+17.2
Consolidated Total	549.6	348.9	+200.7

Cash Flows from Investing Activities

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥114.4 billion, mainly due to the following factors:
  - An additional acquisition of a stake in Penske Truck Leasing Co., L.P., which is engaged in the truck leasing and rental business in North America, for ¥48.3 billion;
  - An investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S., for ¥12.7 billion; and
  - An investment in CIM Group, LLC for ¥10.1 billion.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥32.0 billion, mainly due to the following factors:
  - An investment in the Russian pharmaceutical company JSC R-Pharm for ¥22.0 billion; and
  - An acquisition of a healthcare staffing project in the U.S. for ¥13.3 billion.
- Net cash inflows that corresponded to collections of loan receivables (net of increases in loan receivables) were ¥67.6 billion, mainly due to the following factors:
  - Collection of loan to the IPP business in Indonesia for ¥28.0 billion;
  - Collection of loan to SUMIC Nickel Netherlands, an investment company for overseas Nickel businesses for ¥19.4 billion;
  - Collection of loan corresponding to the sales of the interest in UK First Hydro power assets for ¥18.4 billion; and
  - Execution of loan to the offshore energy business for ¥13.4 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥101.6 billion, mainly due to the following factors:
  - An expenditure for the oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥58.5 billion;
  - An expenditure for iron ore mining operations in Australia for ¥10.9 billion;
  - An expenditure for coal mining operations in Australia for ¥10.9 billion; and
  - A partial sale of interest in the Marcellus Shale Gas Project for ¥15.8 billion.
- Net cash inflows that corresponded to sales of investment property (net of purchases of investment property) were ¥7.3 billion. The major cash inflows included a sale of buildings in Japan by Mitsui & Co. Real Estate Ltd. for ¥10.5 billion.

Cash Flows from Financing Activities

- Net cash outflows from net change in short-term debt and long-term debt was ¥83.9 billion and ¥329.7 billion, respectively, mainly due to the repayment of debt.
- The cash outflow from payments of cash dividends was ¥105.8 billion.

2. Management Policies

(1) Forecasts for the Year Ending March 31, 2018

1) Revised forecasts for the year ending March 31, 2018

＜Assumption＞	3Q (Actual)	4Q (Forecast)	Mar-18 Revised Forecast	Mar-18 Previous Forecast
Exchange rate (JPY/USD)	111.78	110	111.34	110.65
Crude oil (JCC)	$54/bbl	$59/bbl	$55/bbl	$51/bbl
Consolidated oil price	$53/bbl	$56/bbl	$54/bbl	$51/bbl

(Billions of yen)

	March 31, 2018 Revised forecast	March 31, 2018 Previous forecast	Change	Description
Gross profit	780.0	760.0	20.0	Higher coal and crude oil price
Selling, general and administrative expenses	(550.0)	(550.0)	0.0	
Gain on investments, fixed assets and other	50.0	50.0	0.0	
Interest expenses	(30.0)	(30.0)	0.0	
Dividend income	80.0	70.0	10.0	LNG projects
Profit (loss) of equity method investments	240.0	240.0	0.0	
Profit before income taxes	570.0	540.0	30.0	
Income taxes	(110.0)	(120.0)	10.0	U.S. tax reform
Non-controlling Interests	(20.0)	(20.0)	0.0	
Profit for the year attributable to owners of the parent	440.0	400.0	40.0	
Depreciation and amortization	200.0	200.0	0.0	
Core operating cash flow	670.0	600.0	70.0	

We assume foreign exchange rates for the three-month period ending March 31, 2018 will be ¥110/US$, ¥85/AU$ and ¥35/BRL, while average foreign exchange rates for the nine-month period ended December 31, 2017 were ¥111.78/US$, ¥86.24/AU$ and ¥34.63/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2018 will be US$54/barrel, up US$3 from the previous assumption, based on the assumption that the crude oil price (JCC) will average US$59/barrel throughout the three-month period ending March 31, 2018.

The revised forecast for profit for the year attributable to owners of the parent by operating segment compared to the original forecast is as follows:

(Billions of Yen)	Year ending March 31, 2018 Revised Forecast	Year ending March 31, 2018 Previous Forecast	Change	Description
Iron & Steel Products	25.0	15.0	+10.0	Valuation gain on derivative
Mineral & Metal Resources	270.0	250.0	+20.0	Higher coal price, tax effect on equity accounted investee
Machinery & Infrastructure	90.0	90.0	0.0	
Chemicals	35.0	30.0	+5.0	U.S. tax reform

Energy	45.0	55.0	(10.0)	U.S. tax reform, higher LNG dividend
Lifestyle	(20.0)	(30.0)	+10.0	Tax effect on equity accounted investee
Innovation & Corporate Development	5.0	10.0	(5.0)	Valuation loss
All Other and Adjustments and Eliminations	(10.0)	(20.0)	+10.0	U.S. tax reform
Consolidated Total	440.0	400.0	+40.0	

The revised forecast for core operating cash flow by operating segment compared to the original forecast is as follows:

(Billions of Yen)	Year ending March 31, 2018 Revised Forecast	Year ending March 31, 2018 Previous Forecast	Change	Description
Iron & Steel Products	25.0	15.0	+10.0	Valuation gain on derivative
Mineral & Metal Resources	235.0	210.0	+25.0	Higher dividend from equity accounted investee, higher coal price
Machinery & Infrastructure	160.0	150.0	+10.0	Higher dividend from equity accounted investee
Chemicals	50.0	50.0	0.0	
Energy	175.0	150.0	+25.0	Cost reduction/increase in production volume, higher LNG dividend,
Lifestyle	10.0	10.0	0.0	
Innovation & Corporate Development	5.0	5.0	0.0	
All Other and Adjustments and Eliminations	10.0	10.0	0.0	
Consolidated Total	670.0	600.0	+70.0	

2) Key commodity prices and other parameters for the year ending March 31, 2018

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2018. The effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2018 (Announced in May 2017)			Previous Forecast (Announced Nov 2017)	March 2018		Revised Forecast (Announced in Feb 2018)
				1-3Q (Result)	4Q (Assumption)	
Commodity	Crude Oil/JCC	¥2.8 bn (US$1/bbl)	51	54	59	55
	Consolidated Oil Price(*1)		51	53	56	54
	U.S. Natural Gas(*2)	¥0.4 bn (US$0.1/mmBtu)	3.05	3.06(*3)	2.93(*4)	3.03
	Iron Ore	¥2.5 bn (US$1/ton)	(*5)	66(*6)	(*5)	(*5)
	Copper	¥1.0 bn (US$100/ton)	6,079	5,948(*7)	6,808	6,163
Forex (*8)	USD	¥2.0 bn (¥1/USD)	110.65	111.78	110	111.34
	AUD	¥1.7 bn (¥1/AUD)	86.52	86.24	85	85.93
	BRL	¥0.4 bn (¥1/BRL)	34.88	34.63	35	34.72

(*1) The oil price trend is reflected in profit for the year attributable to owners of the parent with a 0-6 month time lag. For the year ending March 31, 2018, we assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 4-6 month time lag, 31%; 1-3 month time lag, 38%; no time lag, 31%.

(*2) US natural gas is not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales price.

(*3) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2017 to September 2017.

(*4) For natural gas sold in the US on HH linked prices, the assumed HH price used is US$2.93/mmBtu.

(*5) We refrain from disclosing the iron ore price assumptions.

(*6) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2017 to December 2017

(*7) Average of LME cash settlement price during January 2017 to September 2017

(*8) Impact of currency fluctuation on profit for the year attributable to owners of the parent of overseas subsidiaries and equity accounted investees (denomination in functional currency) against the Japanese yen. Impact of currency fluctuation between their functional currencies against revenue currencies and exchange rate hedging are not included.

(2) Profit Distribution Policy

Our profit distribution policy has been resolved as follows at the board of directors through discussion in which external directors were also involved:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends.
- In addition to the above, in relation to share buyback toward improving capital efficiency, we judge that the decision by the board of directors in a prompt and flexible manner as needed concerning its timing and amount by taking into consideration of the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity, continues to contribute to enhancement of corporate value.

For the period of the Medium-term Management Plan, we have established a target minimum annual dividend amount of ¥100 billion, based on our assessment of achievable stable core operating cash flow, with the aim of ensuring a certain level of return to shareholders regardless of changes in the external environment. While our principal intention is to steadily increase dividends through improvements in corporate performance, we will also consider flexible ways to address shareholder compensation, provided that sufficient retained earnings is secured for future business development.

For the year ending March 31, 2018, we currently envisage an annual dividend of ¥70 per share (including the interim dividend of ¥30 per share), a ¥15 increase from the year ended March 31, 2017, taking into consideration of core operating cash flow and profit for the year attributable to owners of the parent as well as stability and continuity of the amount of dividend.

3. Other Information

Notice:

This flash report contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Mitsui's actual consolidated financial position, consolidated operating results or consolidated cash flows to be materially different from any future consolidated financial position, consolidated operating results or consolidated cash flows expressed or implied by these forward-looking statements.

These risks, uncertainties and other factors include, among others, (1) economic downturns worldwide or at specific regions, (2) fluctuations in commodity prices, (3) fluctuations in exchange rates, (4) credit risks from clients with which Mitsui and its consolidated subsidiaries have business transactions or financial dealings and/or from various projects, (5) declines in the values of non-current assets, (6) changes in the financing environment, (7) declines in market value of equity and/or debt securities, (8) changes in the

assessment for recoverability of deferred tax assets, (9) inability to successfully restructure or eliminate subsidiaries or associated companies as planned, (10) unsuccessful joint ventures and strategic investments, (11) risks of resource related businesses not developing in line with assumed costs and schedules and uncertainty in reserves and performance of third party operators, (12) loss of opportunities to enter new business areas due to limitations on business resources, (13) environmental laws and regulations, (14) changes in laws and regulations or unilateral changes in contractual terms by governmental entities, (15) employee misconduct, (16) failure to maintain adequate internal control over financial reporting, and (17) climate change and natural disaster. For further information on the above, please refer to Mitsui's Annual Securities Report.
Forward-looking statements may be included in Mitsui's Annual Securities Report and Quarterly Securities Reports or in its other disclosure documents, press releases or website disclosures. Mitsui undertakes no obligation to publicly update or revise any forward-looking statements.

4. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

Assets	December 31, 2017	March 31, 2017
Current Assets:		
Cash and cash equivalents	¥ 1,209,753	¥ 1,503,820
Trade and other receivables	1,912,635	1,739,402
Other financial assets	335,236	267,680
Inventories	629,324	589,539
Advance payments to suppliers	300,434	225,442
Other current assets	142,605	148,865
Total current assets	4,529,987	4,474,748
Non-current Assets:		
Investments accounted for using the equity method	2,595,409	2,741,741
Other investments	1,912,324	1,337,164
Trade and other receivables	417,681	477,103
Other financial assets	149,624	145,319
Property, plant and equipment	1,793,721	1,823,492
Investment property	177,527	179,789
Intangible assets	173,984	168,677
Deferred tax assets	53,590	92,593
Other non-current assets	57,783	60,387
Total non-current assets	7,331,643	7,026,265
Total	¥ 11,861,630	¥ 11,501,013

(Millions of Yen)

Liabilities and Equity	December 31, 2017	March 31, 2017
Current Liabilities:		
Short-term debt	¥ 226,128	¥ 304,563
Current portion of long-term debt	418,762	388,347
Trade and other payables	1,343,722	1,203,707
Other financial liabilities	329,809	315,986
Income tax payables	64,652	52,177
Advances from customers	280,528	212,142
Provisions	25,087	13,873
Other current liabilities	42,339	33,172
Total current liabilities	2,731,027	2,523,967
Non-current Liabilities:		
Long-term debt, less current portion	3,755,510	4,108,674
Other financial liabilities	107,361	111,289
Retirement benefit liabilities	67,241	60,358
Provisions	215,714	196,718
Deferred tax liabilities	494,208	481,358
Other non-current liabilities	26,929	28,487
Total non-current liabilities	4,666,963	4,986,884
Total liabilities	7,397,990	7,510,851
Equity:		
Common stock	341,482	341,482
Capital surplus	408,776	409,528
Retained earnings	2,824,292	2,550,124
Other components of equity	671,935	485,447
Treasury stock	(54,359)	(54,402)
Total equity attributable to owners of the parent	4,192,126	3,732,179
Non-controlling interests	271,514	257,983
Total equity	4,463,640	3,990,162
Total	¥ 11,861,630	¥ 11,501,013

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	Nine-month period ended December 31, 2017	**Nine-month period ended December 31, 2016**
Revenue:		
Sale of products	¥3,212,425	¥2,788,780
Rendering of services	336,247	297,144
Other revenue	104,338	89,852
Total revenue	3,653,010	3,175,776
Cost:		
Cost of products sold	(2,855,591)	(2,501,575)
Cost of services rendered	(142,074)	(125,745)
Cost of other revenue	(45,439)	(40,275)
Total cost	(3,043,104)	(2,667,595)
Gross Profit	609,906	508,181
Other Income (Expenses):		
Selling, general and administrative expenses	(412,871)	(394,790)
Gain (loss) on securities and other investments—net	62,185	51,556
Impairment reversal (loss) of fixed assets—net	(18,858)	(300)
Gain (loss) on disposal or sales of fixed assets—net	14,906	5,116
Provision related to Multigrain business	(30,432)	—
Other income (expense)—net	19,457	6,657
Total other income (expenses)	(365,613)	(331,761)
Finance Income (Costs):		
Interest income	24,497	24,314
Dividend income	67,973	43,513
Interest expense	(49,993)	(41,115)
Total finance income (costs)	42,477	26,712
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	188,270	138,574
Profit before Income Taxes	475,040	341,706
Income Taxes	(80,825)	(98,477)
Profit for the Period	¥ 394,215	¥ 243,229
Profit for the Period Attributable to:		
Owners of the parent	¥ 376,834	¥ 230,333
Non-controlling interests	17,381	12,896

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Nine-month period ended December 31, 2017	**Nine-month period ended December 31, 2016**
Profit for the Period	¥ 394,215	¥ 243,229
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	215,342	135,435
Remeasurements of defined benefit plans	(1,127)	(1,896)
Share of other comprehensive income of investments accounted for using the equity method	4,544	(2,031)
Income tax relating to items not reclassified	(56,398)	(38,446)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	585	9,488
Cash flow hedges	4,700	11,490
Share of other comprehensive income of investments accounted for using the equity method	40,875	7,778
Income tax relating to items that may be reclassified	(15,048)	18,014
Total other comprehensive income	193,473	139,832
Comprehensive Income for the Period	¥ 587,688	¥ 383,061
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 566,077	¥ 365,421
Non-controlling interests	21,611	17,640

(3) Condensed Consolidated Statements of Changes in Equity

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2016	¥ 341,482	¥ 412,064	¥ 2,314,185	¥ 317,955	¥ (5,961)	¥ 3,379,725	¥ 286,811	¥ 3,666,536
Profit for the period			230,333			230,333	12,896	243,229
Other comprehensive income for the period				135,088		135,088	4,744	139,832
Comprehensive income for the period						365,421	17,640	383,061
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥57)			(102,187)			(102,187)		(102,187)
Dividends paid to non-controlling interest shareholders							(37,729)	(37,729)
Acquisition of treasury stock					(7)	(7)		(7)
Sales of treasury stock			(0)		0	0		0
Compensation costs related to stock options		164				164		164
Equity transactions with non-controlling interest shareholders		(2,800)		2,631		(169)	2,827	2,658
Transfer to retained earnings			11,456	(11,456)		―		―
Balance as at December 31, 2016	¥ 341,482	¥ 409,428	¥ 2,453,787	¥ 444,218	¥ (5,968)	¥ 3,642,947	¥ 269,549	¥ 3,912,496

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2017	¥ 341,482	¥ 409,528	¥ 2,550,124	¥ 485,447	¥ (54,402)	¥ 3,732,179	¥ 257,983	¥ 3,990,162
Profit for the period			376,834			376,834	17,381	394,215
Other comprehensive income for the period				189,243		189,243	4,230	193,473
Comprehensive income for the period						566,077	21,611	587,688
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥60)			(105,844)			(105,844)		(105,844)
Dividends paid to non-controlling interest shareholders							(14,140)	(14,140)
Acquisition of treasury stock					(16)	(16)		(16)
Sales of treasury stock		(29)	(30)		59	0		0
Compensation costs related to stock options		247				247		247
Equity transactions with non-controlling interest shareholders		(970)		453		(517)	6,060	5,543
Transfer to retained earnings			3,208	(3,208)		―		―
Balance as at December 31, 2017	¥ 341,482	¥ 408,776	¥ 2,824,292	¥ 671,935	¥ (54,359)	¥ 4,192,126	¥ 271,514	¥ 4,463,640

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Nine-month period ended December 31, 2017	Nine-month period ended December 31, 2016
Operating Activities:		
Profit for the period	¥ 394,215	¥ 243,229
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	146,816	147,100
Change in retirement benefit liabilities	3,844	(1,264)
Provision for doubtful receivables	4,472	5,153
Provision related to Multigrain business	30,432	—
(Gain) loss on securities and other investments—net	(62,185)	(51,556)
Impairment (reversal) loss of fixed assets—net	18,858	300
(Gain) loss on disposal or sales of fixed assets—net	(14,906)	(5,116)
Finance (income) costs	(39,395)	(21,966)
Income taxes	80,825	98,477
Share of (profit) loss of investments accounted for using the equity method	(188,270)	(138,574)
Changes in operating assets and liabilities:		
Change in trade and other receivables	(223,600)	(101,113)
Change in inventories	(28,262)	(63,861)
Change in trade and other payables	128,638	114,806
Other—net	(23,396)	(77,702)
Interest received	25,859	20,742
Interest paid	(53,628)	(49,352)
Dividends received	290,079	155,782
Income taxes paid	(87,416)	(54,038)
Cash flows from operating activities	402,980	221,047
Investing Activities:		
Net change in time deposits	(11,062)	(90,262)
Net change in investments in equity accounted investees	(114,417)	(42,578)
Net change in other investments	(31,984)	5,535
Net change in loan receivables	67,592	(1,837)
Net change in property, plant and equipment	(101,584)	(102,961)
Net change in investment property	7,337	(12,101)
Cash flows from investing activities	(184,118)	(244,204)
Financing Activities:		
Net change in short-term debt	(83,917)	(49,294)
Net change in long-term debt	(329,679)	280,535
Purchases and sales of treasury stock	13	(7)
Dividends paid	(105,844)	(102,187)
Transactions with non-controlling interest shareholders	(6,128)	(30,934)
Cash flows from financing activities	(525,555)	98,113
Effect of Exchange Rate Changes on Cash and Cash Equivalents	12,626	19,787
Change in Cash and Cash Equivalents	(294,067)	94,743
Cash and Cash Equivalents at Beginning of Period	1,503,820	1,490,775
Cash and Cash Equivalents at End of Period	¥ 1,209,753	¥ 1,585,518

(5) Assumption for Going Concern: None

(6) Changes in Accounting Estimates

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

(Provision)

Due to the recent deterioration of the business environment, provisions totaled ¥30,432 million have been recognized for the nine-month period ended December 31, 2017, in relation to the export business of our consolidated subsidiary, Multigrain Trading AG which is engaged in origination and merchandising of agricultural products in Brazil.

(Impairment)

For the nine-month period ended December 31, 2017, XINGU AGRI AG, a subsidiary in the Lifestyle Segment, recognized an impairment loss of ¥10,876 million in “impairment loss of fixed assets” by reducing the carrying amount of assets such as the goodwill and the farmland to the recoverable amount of ¥70,470 million. The impairment loss mainly related to a decline in the soybean price and decreased demand for the farmland in the area where the assets are located. The recoverable amount above represents the fair value less costs of disposal, which is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the asset being valued, and the fair value is classified as level 2.

(7) Segment Information

Nine-month period ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	187,983	713,298	335,065	857,727	395,509	1,061,956	99,294	3,650,832	1,749	429	3,653,010
Gross Profit	33,338	161,621	91,897	104,147	68,126	107,144	41,470	607,743	1,734	429	609,906
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	10,011	48,500	80,726	7,849	16,837	18,314	6,396	188,633	(129)	(234)	188,270
Profit (Loss) for the Period Attributable to Owners of the parent	22,098	229,327	79,009	27,463	35,010	(26,727)	5,307	371,487	9,555	(4,208)	376,834
Core Operating Cash Flow	19,293	174,182	128,760	36,621	145,962	13,107	5,690	523,615	9,159	16,826	549,600
Total Assets at December 31, 2017	667,284	2,186,754	2,293,512	1,212,225	1,957,860	1,954,164	645,658	10,917,457	6,273,619	(5,329,446)	11,861,630

Nine-month period ended December 31, 2016 (from April 1, 2016 to December 31, 2016) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	145,483	509,989	303,816	750,556	355,327	1,019,759	88,205	3,173,135	878	1,763	3,175,776
Gross Profit	25,277	109,020	84,518	109,499	43,361	104,353	30,416	506,444	(26)	1,763	508,181
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	7,865	36,304	60,527	2,102	10,104	19,094	2,939	138,935	(76)	(285)	138,574
Profit (Loss) for the Period Attributable to Owners of the parent	4,493	100,012	51,912	24,600	23,552	27,335	6,902	238,806	(2,456)	(6,017)	230,333
Core Operating Cash Flow	(282)	135,797	51,974	41,386	101,081	9,318	905	340,179	7,979	759	348,917
Total Assets at March 31, 2017	612,632	1,962,236	2,238,142	1,175,205	1,905,252	1,723,399	611,395	10,228,261	5,798,648	(4,525,896)	11,501,013

Notes:1. "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and affiliated companies. Total assets of "All Other" at March 31, 2017 and December 31, 2017 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.

2. Transfers between reportable segments are made at cost plus a markup.

3. Profit (Loss) for the Period Attributable to Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.

4. Since the three-month period ended June 30, 2017, Core Operating Cash Flow has been identified as the performance indicator that is more important than EBITDA, therefore, Core Operating Cash Flow has been disclosed by reportable segments instead of EBITDA. Core Operating Cash Flow is calculated by eliminating the sum of the "Changes in Operating Assets and Liabilities" from "Cash Flows from Operating Activities" as presented in the Condensed Consolidated Statements of Cash Flows.

5. Previously, there was a difference between the Company's actual income taxes and the reportable segments' income taxes that were calculated using the internal tax rate and the difference was included in the "Adjustments and Eliminations". Since the three-month period ended June 30, 2017, the internal tax rate has been made the same as the external tax rate. In addition, since the three-month period ended June 30, 2017, the scope of allocation of expenses incurred at Corporate Staff Unit to reportable segments was reviewed, and part of the expenses which were previously allocated to the reportable segments have been excluded from the scope of allocation.

6. The components of deciding resources to be allocated to the segments and assessing their performance by the Company's chief operating decision-maker have been changed to the components where the regional operating segments were consolidated by the product operating segments. Since the three-month period ended June 30, 2017, the previous 10 reportable segments that include 7 product segments of "Iron & Steel Products", "Mineral & Metal Resources", "Machinery & Infrastructure", "Chemicals", "Energy", "Lifestyle" and "Innovation & Corporate Development" along with 3 regional segments of "Americas", "Europe, the Middle East and Africa" and "Asia Pacific", have been changed to 7 reportable segments of "Iron & Steel Products", "Mineral & Metal Resources", "Machinery & Infrastructure", "Chemicals", "Energy", "Lifestyle" and "Innovation & Corporate Development", where the regional segments were consolidated by the product segments. In addition, part of each of the regional segments have been consolidated to "All Other".

7. Previously, the profit and loss of consolidated subsidiaries that are jointly held by numerous operating segments were allocated from the supervising to non-supervising operating segments based on the profit share of each of the segments using the Share of Profit (Loss) of Investments Accounted for Using the Equity Method and Income for the Period Attributable to Non-controlling Interests. Since the three-month period ended June 30, 2017, these allocations are made based on the profit share of each of the segments in each of the accounts disclosed in the segment information to reflect the performance of the operating segments more properly.

8. In accordance with the changes in 4-7 above, the segment information for the nine-month period ended December 31, 2017 has been restated to conform to the current period presentation.