CHAPTER 5
Fact Data

Financial information listed in the Fact Data section was taken from the *Annual Securities Report.* Please refer to this report for more detailed financial information and the Independent Auditor's Report.

Mitsui's Continuing Evolution by Meeting the Changing Needs of the Times

①Daiichi Bussan Kaisha, Ltd. (Tokyo)

②The Abu Dhabi LNG project (UAE)

©Sakhalin Energy

③Sakhalin II projects (Russia)

1950 1960 1970 1980 1990

Contributed to the recovery of the postwar Japanese economy

■ Daiichi Bussan imported daily necessities into postwar Japan and promoted exports as postwar controls were lifted.

- In 1947, Daiichi Bussan Kaisha, Ltd. established …… ①
- In 1959, Daiichi Bussan Kaisha, Ltd. integrated with other trading companies (Mitsui & Co.'s great amalgamation) and changed its name to Mitsui & Co., Ltd.

As the driving force of high economic growth

■ In view of Japan's high dependence on overseas sources for key materials, Mitsui invested in the development of our own sources of mineral resources and energy with the aim of ensuring their stable supply to Japan

- In 1963, participated in the development of the Moura coal mine in Australia (currently the Dawson coal mine)
- In 1967, established an iron ore joint venture business with BHP Billiton in Australia
- In 1969, established Mitsui Oil Exploration Co., Ltd.
- In 1970, established Mitsui Iron Ore Development (MIOD) in Australia (Robe River iron ore joint venture)
- In 1971, signed a basic contract for the development of an LNG facility on Das Island in Abu Dhabi …… ②

■ Supported overseas business development of Japanese products

- Promoted export sales of iron and steel products, machinery and chemicals
- Invested in overseas production and sales operations of Japanese automotive and motorcycle makers (Toyota Motor Group, Hino Motor Group, Yamaha Motor Co., Ltd.) in such countries as Thailand, Canada, Peru and the U.K.

■ Introduced overseas technologies and business models to Japan

- In 1958, established Nippon Remington Univac Kaisha, Ltd. (currently Nihon Unisys, Ltd.) and shortly after helped lay the groundwork for the computerization of Japan
- In 1976, established AIM SERVICES CO., LTD. with major U.S. contract food service company ARA (currently Aramark Corporation)

Challenges as the pioneer of the era, responding to the rapid structural change of society

■ Further strengthened functions, including IT (information technology), FT (financial technology) and LT (logistics technology)

- In 1989, Japan Communications Satellite, in which the Company invested, successfully launched a communications satellite
- Provided supply chain management for the Ito-Yokado Group (currently Seven & i Holdings Co., Ltd.)

■ Accelerated the planning and development of large-scale LNG projects in accordance with efforts to diversify Japan's energy supply sources

- In 1985, participated in the Western Australia LNG project
- In 1989, participated in the Qatar LNG project
- In 1994, signed development contracts for the Sakhalin II petroleum and natural gas projects …… ③

■ Acquired and developed large-scale businesses overseas

- In 1991, acquired feed additive business (currently Novus International, Inc.) from Monsanto Company, of the U.S.
- In 1994, established P.T. PAITON ENERGY, an electric power company in Indonesia

©Photo: Dario Zalis / Vale

④Vale's Carajás iron ore mine (Brazil)

⑤Mount Elizabeth Novena Hospital, an IHH hospital (Singapore)

⑥432 Park Avenue, owned by CIM Group (New York)

2000 2005 2010 2015

Development of various businesses with world class partners in response to the rapid growth of emerging economies and the evolving global industrial structure

■ Long-term initiatives in developing resources and energy businesses to enhance our ability to provide sustainable supply

- In 2003, purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource development company …… ④
- In 2010, acquired working interest in shale gas in the Marcellus area and, in the following year, in shale oil in the Eagle Ford area, both in the U.S.
- In 2012, established a strategic partnership with Corporación Nacional del Cobre de Chile and acquired copper interests
- In 2013, acquired interest in the Jimblebar Iron Ore mine in Western Australia
- In 2015, completed second phase of expansion of Robe River J/V mine and port
- In 2016, acquired working interest in Kipper gas and condensate field in Australia
- In 2016, acquired stake in oil and gas development project in the Gulf of Mexico
- In 2018, acquired AWE Limited, an oil and gas company in Australia

■ Response to new needs for enhancing industry and enriching lifestyles

- In 2001, launched 24-hour shopping channel in Japan with QVC network
- In 2001, invested in a major U.S. automotive dealer Penske Automotive Group
- In 2007, commenced capital and business alliance with Sogo Medical Co., Ltd.
- In 2008, launched chemical tank terminal business at the Port of Antwerp in Europe
- In 2011, invested in Asia's largest private hospital group Integrated Healthcare Holdings (currently IHH Healthcare Bhd.) …… ⑤
- In 2015, invested in a major U.S. truck leasing company Penske Truck Leasing
- In 2015, commenced commercial production of methanol at Fairway Methanol LLC in the U.S.
- In 2016, invested in Asia's largest hospital for middle-income patients, Columbia Asia
- In 2016, invested in the Spain-based Gestamp Automoción, S.A., the world's largest automotive press components manufacturer
- In 2017, invested in Panasonic Healthcare Holdings Co., Ltd., a medical equipment manufacturer
- In 2017, invested in CIM Group, a major real estate asset management company in the U.S. …… ⑥

■ Developing infrastructure businesses that contribute to nation building and industrial promotion in countries around the world

- In 2004, jointly acquired 13 power generating assets with International Power (currently ENGIE)
- In 2006, acquired a gas distribution business in Brazil
- In 2006, invested in Thai Tap Water Supply Public Company Limited, a water supply company in Thailand
- In 2014, invested in VLI S.A., a Brazilian integrated logistics company owned and operated by Vale S.A.
- In 2015, participated in a passenger railway transportation business in Brazil, owned and operated by Odebrecht TransPort S.A.
- In 2017, invested in Moatize coal mine and the Nacala rail and port infrastructure projects in Mozambique

10-Year Financial Data (Including Sustainability Data)

Mitsui & Co., Ltd. and its subsidiaries
Fiscal years to March 31

U.S. GAAP

Billions of Yen

	2008	2009	2010	2011	2012	2013	2014
Consolidated Operating Results (For the Year):							
Revenues	5,738.9	5,535.2	4,096.4	4,679.4	5,251.6	4,911.6	5,740.7
Gross Profit	988.1	1,016.3	702.0	859.2	878.3	790.4	859.9
Operating Income	374.8	394.7	144.5	317.0	348.4	254.6	275.2
Equity in Earnings of Associated Companies	154.3	84.8	131.5	242.1	232.1	176.2	173.7
Net Income Attributable to Mitsui & Co., Ltd.	410.1	177.6	149.7	306.7	434.5	307.9	422.2
Consolidated Financial Position (At Year-End):							
Total Assets	9,690.9	8,364.2	8,369.0	8,598.1	9,011.8	10,324.6	11,001.3
Total Mitsui & Co., Ltd. Shareholders' Equity	2,183.7	1,881.7	2,230.1	2,366.2	2,641.3	3,181.8	3,586.4
Interest-bearing Debt	3,685.6	3,668.6	3,471.7	3,377.5	3,578.0	4,269.3	4,455.1
Net Interest-bearing Debt	2,774.0	2,515.1	2,055.7	1,933.9	2,142.8	2,839.4	3,224.4
Consolidated Cash Flows (For the Year):							
Net Cash Provided by Operating Activities	415.8	582.7	632.4	504.5	381.0	461.4	521.5
Net Cash Used in Investing Activities	(104.8)	(290.9)	(180.1)	(484.0)	(438.2)	(753.3)	(704.5)
Net Cash Provided by (Used in) Financing Activities	(185.1)	(9.8)	(214.4)	33.8	57.4	221.6	(34.7)
Free Cash Flow	311.0	291.8	452.3	20.5	(57.2)	(291.9)	(183.0)
Investments and Loans	(710.0)	(520.0)	(360.0)	(690.0)	(650.0)	(960.0)	(1,010.0)
Divestitures	610.0	190.0	210.0	190.0	210.0	220.0	305.0
Net Cash Outflow	(100.0)	(330.0)	(150.0)	(500.0)	(440.0)	(740.0)	(705.0)
Financial Indicators:							
Return on Equity (ROE) (%)	19.1%	8.7%	7.3%	13.3%	17.4%	10.6%	12.5%
Return on Assets (ROA) (%)	4.2%	2.0%	1.8%	3.6%	4.9%	3.2%	4.0%
Net Debt-to-Equity Ratio (Net DER) (times)	1.27	1.34	0.92	0.82	0.81	0.89	0.90

Yen

Amounts per Share:							
Net Income Attributable to Mitsui & Co., Ltd.							
Basic	227.20	97.59	82.12	168.05	238.10	168.72	231.79
Diluted	224.82	97.32	82.11	168.05	—	—	231.78
Cash Dividends	46	25	18	47	55	43	59
Consolidated Dividend Payout Ratio (%)	20.2%	25.6%	21.9%	28.0%	23.1%	25.5%	25.5%
Shareholders' Equity	1,202.03	1,033.22	1,222.11	1,296.66	1,447.34	1,743.34	2,000.78
Stock Price:							
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	2,020	986	1,571	1,491	1,357	1,313	1,459
Price Earnings Ratio (PER) (times)	8.89	10.10	19.13	8.87	5.70	7.78	6.29
Price Book-Value Ratio (PBR) (times)	1.68	0.95	1.29	1.15	0.94	0.75	0.73
Sustainability:							
Number of Employees (Consolidated)	42,621	39,864	41,454	40,026	44,805	45,148	48,090
Ratio of External Directors (%)	30.8%	33.3%	30.8%	30.8%	30.8%	30.8%	30.8%
Paper Consumption (thousand sheets; A4-size equivalent)	92,973	85,547	76,049	66,701	59,810	57,833	56,588

Notes:
1. Figures for prior years have not been reclassified in accordance with Accounting Standard Codification ("ASC") 205-20, "Presentation of Financial Statements–Discontinued Operations."
2. Operating Income is comprised of "gross profit," "selling, general and administrative expenses," and "provision for doubtful receivables."
3. Tax effects on investments in associated companies which were formerly included in "Equity in Earnings of Associated Companies" are included in "Income Taxes" from the year ended March 2010. Figures for prior years have not been reclassified.
4. Per-share information is calculated based on the number of shares issued at year-end.
5. Diluted net income attributable to Mitsui & Co., Ltd. per share for the years ended March 31, 2012 and 2013 are not disclosed because there are no dilutive potential shares.
6. Price earnings ratio (PER) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by basic net income attributable to Mitsui & Co., Ltd. per share.
7. Price book-value ratio (PBR) is calculated based on the year-end closing stock price on the Tokyo Stock Exchange divided by shareholders' equity per share.
8. Ratio of external directors is calculated based on director numbers upon the conclusion of the general meeting of shareholders held after the end of the respective fiscal year.
9. Paper consumption is calculated based on all offices in Japan (Head Office (Tokyo), 6 offices and 5 branches).

IFRS

	2013	2014	2015	2016	2017	2018 (Billions of Yen)	2018 (Millions of U.S. Dollars)
Consolidated Operating Results (For the Year):							
Revenue	4,912.1	5,731.9	5,404.9	4,759.7	4,364.0	**4,892.1**	**46,152**
Gross Profit	814.1	880.1	845.8	726.6	719.3	**790.7**	**7,459**
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	183.1	171.2	144.6	(132.0)	170.6	**234.9**	**2,216**
Profit (Loss) for the Year Attributable to Owners of the Parent	296.6	350.1	306.5	(83.4)	306.1	**418.5**	**3,948**
Consolidated Financial Position (At Year-End):							
Total Assets	10,777.3	11,491.3	12,202.9	10,910.5	11,501.0	**11,306.7**	**106,667**
Total Equity Attributable to Owners of the Parent	3,439.1	3,815.8	4,099.8	3,379.7	3,732.2	**3,974.7**	**37,497**
Interest-bearing Debt	4,176.4	4,411.1	4,793.9	4,710.5	4,801.6	**4,226.9**	**39,877**
Net Interest-bearing Debt	2,739.1	3,178.8	3,382.2	3,215.0	3,282.1	**3,089.2**	**29,144**
Consolidated Cash Flows (For the Year):							
Net Cash Provided by Operating Activities	455.3	449.2	640.0	587.0	404.2	**553.6**	**5,223**
Core Operating Cash Flow	—	608.9	661.6	471.7	494.8	**666.5**	**6,288**
Net Cash Used in Investing Activities	(754.5)	(659.8)	(386.4)	(408.1)	(353.3)	**(248.2)**	**(2,342)**
Net Cash Provided by (Used in) Financing Activities	236.3	(13.2)	(126.2)	(50.5)	(50.3)	**(652.3)**	**(6,154)**
Free Cash Flow	(299.2)	(210.6)	253.6	178.9	50.9	**305.4**	**2,881**
Investments and Loans	—	—	(715.0)	(600.0)	(635.0)	**(560.0)**	**(5,283)**
Divestitures	—	—	340.0	190.0	290.0	**300.0**	**2,830**
Net Cash Outflow	—	—	(375.0)	(410.0)	(345.0)	**(260.0)**	**(2,453)**
Financial Indicators:							
Return on Equity (ROE) (%)	9.4%	9.7%	7.7%	(2.2%)	8.6%	**10.9%**	
Return on Assets (ROA) (%)	2.9%	3.1%	2.6%	(0.7%)	2.7%	**3.7%**	
Net Debt-to-Equity Ratio (Net DER) (times)	0.80	0.83	0.82	0.95	0.88	**0.78**	

	2013	2014	2015	2016	2017	2018 (Yen)	2018 (U.S. Dollars)
Amounts per Share:							
Profit (Loss) for the Year Attributable to Owners of the Parent							
Basic	162.53	192.22	170.98	(46.53)	171.20	**237.67**	**2.24**
Diluted	—	192.21	170.95	(46.54)	171.10	**237.50**	**2.24**
Cash Dividends	43	59	64	64	55	**70**	**0.63**
Consolidated Dividend Payout Ratio (%)	26.5%	30.7%	37.4%	—	32.1%	**29.5%**	
Total Equity Attributable to Owners of the Parent	1,884.33	2,128.73	2,287.17	1,885.47	2,115.80	**2,287.10**	**21.58**
Stock Price:							
Stock Price (closing stock price on the Tokyo Stock Exchange) (yen)	1,313	1,459	1,612	1,295	1,612.5	**1,822.5**	
Price Earnings Ratio (PER) (times)	8.08	7.59	9.43	—	9.42	**7.67**	
Price Book-Value Ratio (PBR) (times)	0.70	0.69	0.70	0.69	0.76	**0.80**	
Sustainability:							
Number of Employees (Consolidated)	45,148	48,090	47,118	43,611	42,316	**42,304**	
Ratio of External Directors (%)	30.8%	30.8%	35.7%	35.7%	35.7%	**35.7%**	
Paper Consumption (thousand sheets; A4-size equivalent)	57,833	56,588	50,155	50,369	48,529	**45,894**	

Notes:
1. We do not disclose "Core Operating Cash Flow" for 2013.
2. Figures calculated in accordance with IFRS standards for investments and loans, divestitures, and net cash outflow are have not been disclosed for the fiscal years ended March 31, 2013 and 2014.
3. Per share information is calculated based on the number of shares issued at year-end.
4. Diluted earnings per share attributable to owners of the parent in the fiscal year ended March 31, 2013, are not disclosed because there are no dilutive potential shares.
5. Price earnings ratio (PER) is calculated based on the year-end closing stock price divided by basic profit (attributable to owners of the parent) per share.
6. The consolidated dividend payout ratio for 2016 was omitted due to a loss.
7. The price earnings ratio (PER) for 2016 was omitted due to a loss.
8. Price book-value ratio (PBR) is calculated based on the year-end closing stock price divided by equity attributable to owners of the parent per share.
9. The U.S. dollar amounts, except cash dividends, represent translations of the Japanese yen amounts at the rate of ¥106.00=U.S.$1, the approximate rate of exchange on March 31, 2018.
10. The U.S. dollar amounts for cash dividends represent translations of the Japanese yen amounts at the rate in effect on the payment date.

Participation in Initiatives

United Nations Global Compact

In October 2004, the Company signed and pledged its support for the UN Global Compact. The Company has been participating as a member of Global Compact Network Japan and is complying with the principles as part of its own corporate guidelines. Currently the Company conducts a companywide survey every other year in order to check compliance with the UN Global Compact principles and is working to comply with and practice the principles on a global group basis.

Ten Principles of the UN Global Compact

Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; and 6. the elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainable Development Goals (SDGs)

Mitsui uses its capabilities in the five areas of marketing, financing, logistics, risk management, and IT process configuration to develop diverse business operations across nations and regions. As such, we believe that we can leverage these capabilities to make a wide-ranging contribution to the achievement of the 17 goals. We will strive to achieve, in particular, the goals related to our identified material issues in partnership with our stakeholders.

As a corporate member of Global Compact Network Japan, Mitsui will continue to raise awareness of the SDGs in its business organizations, to reflect the SDGs in our business strategies, and to ensure that our business activities are always guided by a determination to contribute to the achievement of the SDGs.

Please refer to the *Sustainability Report* for information on the themes of initiatives Mitsui has determined by material issue as well as the relationship of these initiatives with the 17 goals and 169 targets laid out in the UN SDGs. The *Sustainability Report* also introduces the specific activities that Mitsui is pursuing to realize the SDGs.

Other Initiatives

- World Economic Forum
- Japan Foreign Trade Council, Inc.: Global Environment Committee, CSR Study Committee
- Japan Business Federation (Keidanren): Committee on Corporate Behavior & Social Responsibility, Committee on Gender Diversity, Committee on Environment and Safety, Committee on Nature Conservation
- Council for Better Corporate Citizenship (CBCC)
- Japan Forum of Business and Society (JFBS)
- Japan Business and Biodiversity Partnership
- Forest Stewardship Council (FSC®)
- Roundtable on Sustainable Palm Oil (RSPO)

Evaluation by Society

Major Selection and Certification (Year to March 31, 2018)

Top Award for Excellence in Corporate Disclosure
The Company has been selected for the top award in the commerce industry category at the 2017 Awards for Excellence in Corporate Disclosure. Organized by the Securities Analysts Association of Japan, this was the 23th holding of the awards. The Company received the highest scores in all five of the above criteria in the commerce industry category.

Dow Jones Sustainability Indices
The Dow Jones Sustainability Indices is a global stock index developed jointly by Dow Jones & Company in the U.S. and RobecoSAM AG in Switzerland. Major corporations around the world are evaluated in terms of their economic, environmental, and social performance. The Company was selected for both the World Index and Asia Pacific Index in 2017.

RobecoSAM Sustainability Award
RobecoSAM carries out surveys and analyses for the Dow Jones Sustainability Indices. From each industry, it recommends companies that have undertaken outstanding environmental, social, and economic initiatives. In the Trading Companies & Distributors category, the Company was selected as one of the companies to be ranked Gold Class, which is awarded to companies that are within a 1% range of the score of the industry leaders.

FTSE4Good Index Series
The FTSE4Good Index Series is a stock index developed by FTSE Russell, which is a wholly owned subsidiary of the London Stock Exchange. FTSE Russell evaluates major corporations around the world from the aspects of environmental, social, and governance criteria, including the labor standards applied throughout their supply chains, as well as on the basis of corporate sustainability. It selects companies that satisfy its standards as constituents of the index. The Company fulfilled the criteria of the index and was selected in the FTSE4Good Index Series.

FTSE Blossom Japan Index
The FTSE Blossom Japan Index is designed to measure the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices. The index uses FTSE Russell's ESG Ratings data model, which draws on existing international ESG standards such as the UN Sustainable Development Goals (SDGs). The Company fulfilled the criteria of the index and was selected in the FTSE Blossom Japan Index in 2017.

Carbon Disclosure Project (CDP)
CDP is a London-based non-profit organization operated collaboratively by institutional investors. Its purpose is to urge leading companies (in terms of aggregate value) in major countries to disclose their environmental strategies and greenhouse gas emissions; the Company has continued to answer the questionnaire since 2012. In 2017, Mitsui was granted the rating "Management Level B" in relation to both climate change and water.

Inclusion in the 2018 Competitive IT Strategy Company Stock Selection
The Competitive IT Strategy Company Stock Selection is designated by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) on the basis of outstanding IT utilization initiatives. The Company has been selected for four years in a row since the launch of the award in 2015.

Nadeshiko Brand
The Nadeshiko Brand is a designation jointly awarded by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) to companies listed in all TSE sections that have shown excellence in promoting career advancement for women. In the fiscal year ended March 2018, the Company was selected as a Nadeshiko Brand company for its proactive efforts to support women to play more active roles in the workplace. Including being selected as a Semi-Nadeshiko Brand last year, this is the fourth year running that the Company has been recognized as a Nadeshiko Brand.

Eruboshi (L Star)
Eruboshi status is awarded to companies that have submitted notifications under the Act on Promotion of Women's Participation and Advancement in the Workplace (Promotion of Women's Career Activities Act) promulgated on April 1, 2016. Requirements for certification include the fulfillment of specific standards and the implementation of outstanding initiatives to promote the advancement of women in the workplace. In September 2016, the Minister of Health, Labour and Welfare certified the Company as having achieved the second of three levels under the Eruboshi system.

Operating Environment Analysis

Operating Environment

Note: The following describes the understanding of the economic environments as of May 2018. Descriptions included herein may differ from our current understanding.

In the fiscal year ended March 31, 2018, the global economy saw ongoing gradual growth in both developed countries and emerging countries supported by firm spending and investment. In the U.S., consumer spending continues to be resilient 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, though the economy has been resilient following growth in spending and investment, this growth is expected to weaken going forward as corporate business confidence plateaus. In Japan, gradual economic recovery is expected to continue as a result of consumer spending continuing to be resilient following improvement in the employment environment, and because of increases in both investment related to the Olympic and Paralympic Games, and in capital investment focused on labor-saving initiatives. In emerging countries, while stable growth continues in China, this growth is expected to weaken following an environment of excess capacity and adjustments of debts. At the same time, future growth is expected in India due to the progress of economic reform such as the introduction of the Goods and Services Tax. Also, the trend of gradual recovery is expected to continue in Brazil with consumption and investment picking up. However, limited growth is expected to continue in Russia due in part to ongoing sanctions from the U.S. and other nations.

The global economy is expected to follow a trend of gentle recovery going forward. However, careful watch continues to be needed on the escalation of geopolitical risk surrounding the Middle East, the future prospects for the European and U.S. economies, which have shown signs of maturity in some parts, the impact of the Federal Reserve Board's monetary tightening on the economies of emerging countries, and trends in U.S. trade policy.

Business Environment by Segment

Iron & Steel Products

Global steel output for 2017 increased by 5.3% year-on-year to approximately 1.7 billion tons, reflecting steel demand not only in emerging markets such as China and India but also in North America and the EU. On the other hand, due to continued excessive steel supply mainly from Chinese steel manufacturers, which account for almost half of the global steel output, the difficult business environment is expected to persist. Under this situation, amid the integration in the steel industry even more intensified reorganization could occur among steel distributors.

Over the medium to long term, the domestic iron and steel market is expected to shrink gradually due to population decline, among other factors. However, we anticipate that the Americas and Asia will drive a global economic recovery, resulting in increased demand overseas for iron and steel products. Many business opportunities are expected to arise from this development.

Mineral & Metal Resources

In the short term, there is a risk that economic growth in China and emerging countries could slow down, which may lead to a weaker commodity market, however, steel and non-ferrous metals are core industrial materials, and demand for these materials is likely to grow over the long term. On the other hand, over the medium to long term, supply and demand is expected to be tightened due to supply limitations resulting from the limited availability of high-quality undeveloped projects, in addition to rising development and production costs, depletion of reserves, and deterioration of quality minerals from existing mines. The segment believes the mineral and metal resources business will continue to be an important aspect of its operations.

Machinery & Infrastructure

In emerging countries, where economies and populations continue to grow markedly, demand is rising for the development of basic infrastructure, including electrical, water-related and logistical infrastructure. As for industrialized countries, aging infrastructure is leading to increased demand for repairs. The efforts to create a low-carbon society are also boosting demand for related infrastructure investment, such as a rapid expansion of environmentally friendly renewable energy. Moreover, as facilities and equipment for energy resource development become more advanced, larger, and more complex, development demand is rising overall. In the U.S., the progress of shale oil and gas development is heightening demand, not only for infrastructure development but also for pipeline transportation, downstream chemical manufacturing, gas-fired power generation, and LNG shipping facilities. On the other hand, policy interest rates have reached a historical low level backed by the implementation of quantitative easing policies by central banks primarily in industrialized countries, and greater attention is being paid to infrastructure projects from which stable earnings are expected, following an increase in the amount of investment-ready cash. The segment believes the infrastructure business will continue to be an important aspect of its operations.

As demand for resource and energy is seen to rise over the medium to long term with growth in emerging countries, demand for mining machinery should recover and market conditions are expected to pick up due to an increase in land-and-sea-based logistics. In the U.S., the manufacturing industry is undergoing a revival, and the underlying trend of improvement in U.S. business conditions is having a favorable effect on our automotive, truck, machine tool, and construction machinery businesses. Economic expansion in emerging economies has fostered growing concern about associated environmental problems, and a shift to public transportation has been encouraged as a solution to traffic congestion. As a result, demand for passenger and freight railway facilities is expected to increase. Due to ongoing global economic growth, the number of airline passengers is expected to increase over the medium to long term, and consequently, demand for airframes and engines is also expected to rise. Meanwhile, as global warming, population growth, urbanization, and the aging of society have progressed, various technological innovations for materials, engines, self-driving cars using artificial intelligence, and so on, have been developed and are soon to be put into practical use. In response to this, user awareness has changed including a heightening of safety and environmental consciousness and a progressive shift from ownership of transport to use of transport. Against this backdrop, diverse and innovative business models that go beyond industry customs are appearing across industries, and many business opportunities are expected to arise from this trend.

Chemicals

Due to the shale revolution, the petrochemical industry in North America has regained its competitiveness, and North America is becoming a supply region comparable with the Middle East, which has led to changes in the trade flow of petrochemicals.

Also due to restriction of capital and the environment in China and geographical risk in the Middle East, more volatility in the petrochemicals market could occur.

In the areas of performance and advanced materials as well as specialty chemicals, growth areas are garnering in a global macro environment consisting of a higher awareness toward the environment, improved quality of life, and advances in technological innovations. These growth areas are automobiles, where efforts to make vehicles lighter and electric powered such as electric vehicles and fuel cell vehicles, are progressing; consumer products, such as foods, detergents, and personal care products; and ICT and new industries, which include electronic materials, in addition to robotics and healthcare.

In the agricultural chemicals and food and nutrition science areas, the need for increased food production and the demand for high-value-added food are increasing significantly with population and economic growth in global and the increase in middle income earners and an improved awareness toward health, which has led to market expansion.

Energy

Energy demand is expected to increase along with population and economic growth around the world, and oil, natural gas, coal, and nuclear fuel are expected to continue as main sources of primary energy over the medium to long term. However, due to the introduction of new policies to tackle climate change, there are analysis and scenarios that show a plateau in the energy demand for fossil fuel from around 2030 to 2040, and it is important for us to build a strong portfolio of cost competitive assets that can thrive under that environment.

As oil demand is expected to increase in the medium to long term, the crude oil market is expected to follow a gentle uptrend, mainly due to the effect of slowed-down development by restrained new upstream investment and the necessity to develop higher cost fields. On the other hand, we are aware of the rapid growth in sales of EVs and compounded with the effect of environmental regulations, the potential decrease in the demand for oil needs to be carefully monitored.

The LNG market is expected to remain as an oversupply situation for the time being, because the pace of LNG demand increase will not match with the supply increase by start-up of new large-scale LNG projects in Australia, the U.S., and so on. However, in the medium and long term, the oversupply situation is expected to be resolved around the early 2020s due to the firm demand increase mainly resulting from market expansion in emerging countries and an environmental consideration.

In the upstream business, including E&P and LNG projects, we are working to improve profitability by promoting proactive initiatives and taking advantage of lower development costs caused by lower commodity prices. We are also promoting the development of undeveloped reserves and acquisition of good quality assets, which will establish a more stable earnings base. In addition, we will enhance our presence by reinforcing global business and trading structure, and we will develop business through our energy value chain from upstream to midstream to downstream, further enhancing our earnings base and improving the sustainable value-creating capabilities of our business portfolio by capturing new demand arising in emerging countries and opportunities in infrastructure business such as power generation plants and terminals.

As a response to climate change, there has been a need for a shift to cleaner energy and action taken toward contributing to a low-carbon society. The growth rate of renewable energies, centered primarily on solar power and wind power, is high due to cost reduction by rapid technological innovation. Depending on the growth rate, it could significantly affect the composition of primary energy sources.

By assessing the trends in the energy business from a long-term perspective, we intend to promote the establishment of a well-balanced energy portfolio for the future, and to contribute to the sustainable growth of society through comprehensive stable energy supply.

Lifestyle

As the global population and economy grow, food demand is expected to increase constantly. Meanwhile, against a background of decreasing agricultural population primarily in industrialized countries and changes to suitable agricultural land due to climate change, the uneven distribution of food-producing regions is progressing and the need to secure food resources and stable food supplies is expected to become more pressing. The global increase of the middle-income class leads to the sophistication of food demand, such as preferences for taste, animal protein, and so on. Additionally, the aging of society led food demand to diversify in areas such as health improvement, disease prevention, safety, security, and so on. The segment believes that it is also necessary to address the demand for high-value-added food.

In Japan's mature consumer market, consumption is expected to decline at a moderate pace due to a declining birthrate and a population that is contracting and aging. The changes are not only quantitative. Against a backdrop of changing lifestyles accompanying the increase in the elderly population, and increases in dual-income households and small families due to more women having jobs, there are substantial changes in the quality and contents of services required, such as an emphasis on medical and healthcare services and the pursuit of safety, security, and convenience.

In emerging countries, mainly in Asia, the growth of medical expenditures is accelerating alongside changes in disease patterns, such as an increase in chronic disease patients, accompanying population growth, an aging society, an increasing middle-income class, and economic development. On the other hand, due to a shortage in the supply of medical services, demand-supply gaps regarding medical services are expected to expand further. The segment believes that it is necessary to address the difficult issues of increasing the supply of high-quality medical services and curtailing medical expenditures.

Innovation & Corporate Development

In the ICT business area, with the evolution of AI, robotics and IoT, the value of digital data is increasing drastically and it has given more power of influence to consumers. Business environments are changing rapidly, and as a result, there is a need to take swift action as technological innovation, as well as new services and business models, leads the way toward a next-generation society in which advanced ICT technologies and the real economy are closely linked.

In the Corporate Development business area, real estate asset management business, combining the knowledge of the real estate and finance businesses, is expanding in both developed and emerging economies around the world, however, more attention on the decrease of monetary easing initiatives and the increase of policy interest rates should be paid. Furthermore, buyout funds and other private equity funds, which provide management know-how and funding, are playing an increasingly important role in supporting corporate growth.

Consolidated Statements of Financial Position

Mitsui & Co., Ltd. and its subsidiaries
March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

(Assets)	2014	2015	2016	2017	**2018**
Current Assets					
Cash and cash equivalents	1,226,317	1,400,770	1,490,775	1,503,820	**1,131,380**
Trade and other receivables	2,040,855	1,949,837	1,607,885	1,739,402	**1,766,017**
Other financial assets	271,288	384,156	295,064	267,680	**243,915**
Inventories	625,328	671,164	533,697	589,539	**550,699**
Advance payments to suppliers	183,576	188,545	220,711	225,442	**307,339**
Assets held for sale	—	—	—	—	**108,920**
Other current assets	118,049	136,051	138,563	148,865	**117,886**
Total current assets	4,465,413	4,730,523	4,286,695	4,474,748	**4,226,156**

Non-current Assets					
Investments accounted for using the equity method	2,448,848	2,791,341	2,515,340	2,741,741	**2,502,994**
Other investments	1,554,673	1,529,767	1,179,696	1,337,164	**1,825,026**
Trade and other receivables	470,880	425,136	382,176	477,103	**400,079**
Other financial assets	116,298	130,974	159,384	145,319	**153,149**
Property, plant and equipment	2,007,452	2,148,142	1,938,448	1,823,492	**1,729,897**
Investment property	139,334	147,757	147,756	179,789	**188,953**
Intangible assets	144,153	162,951	157,450	168,677	**173,207**
Deferred tax assets	74,419	78,746	92,231	92,593	**49,474**
Other non-current assets	69,849	57,584	51,335	60,387	**57,725**
Total non-current assets	7,025,906	7,472,398	6,623,816	7,026,265	**7,080,504**
Total assets	11,491,319	12,202,921	10,910,511	11,501,013	**11,306,660**

Analysis of Changes in Assets

Billions of yen

	2017	2018	Increase or decrease
Total current assets	4,474.7	4,226.2	**–248.5**
Cash and cash equivalents	1,503.8	1,131.4	**–372.4**
Trade and other receivables	1,739.4	1,766.0	**+26.6**
Advance payments to suppliers	225.4	307.3	**+81.9**
Assets held for sale	—	108.9	**+108.9**

Current Assets

- Cash and cash equivalents declined by ¥372.4 billion, mainly due to repayment of debt.
- Trade and other receivables increased by ¥26.6 billion, mainly because trading volume increased in the Energy Segment, prices and trading volume increased and March 31, 2018 fell under the financial institutions' holiday in the Chemical Segment, despite the decrease due to the transfer to Assets held for sale.
- Advance payments to suppliers increased by ¥81.9 billion, mainly due to an increase in trading volume in the Machinery & Infrastructure Segment.
- Assets held for sale increased by ¥108.9 billion, because assets expected to be transferred from the Company and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION are presented as a single line item as of March 31, 2018.

Billions of yen

	2017	2018	Increase or decrease
Total non-current assets	7,026.3	7,080.5	**+54.2**
Investments accounted for using the equity method	2,741.7	2,503.0	**–238.7**
Other investments	1,337.2	1,825.0	**+487.8**
Trade and other receivables	477.1	400.1	**–77.0**
Property, plant and equipment	1,823.5	1,729.9	**–93.6**
Investment property	179.8	189.0	**+9.2**
Deferred tax assets	92.6	49.5	**–43.1**

Non-current Assets

- Investments accounted for using the equity method declined by ¥238.7 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.;
  - A decline of ¥73.6 billion resulting from foreign currency exchange fluctuations;
  - An increase of ¥234.9 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥285.9 billion due to dividends received from equity accounted investees;
  - 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 ¥16.9 billion due to an investment in Cameron LNG Holdings, LLC, which is engaged in the natural gas liquefaction business in the U.S.; and
  - An increase of ¥15.1 billion due to an additional acquisition of a stake in International Columbia U.S. LLC, the holding company for Asia's largest hospital group for middle-income patients.
- Other investments increased by ¥487.8 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 ¥159.5 billion mainly due to higher share prices;
  - An increase of ¥14.2 billion due to an investment in the Russian pharmaceutical company JSC R-Pharm; and
  - An increase of ¥10.2 billion due to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION.
- Trade and other receivables (non-current) declined by ¥77.0 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;
  - A decline of ¥16.9 billion mainly due to reclassification of partial subsidiaries under Mitsui Rail Capital Participações Ltda., the holding company for freightcar leasing and management business in Brazil, to equity accounted investees;
  - A decline of ¥13.6 billion due to recording allowance for doubtful receivables against the loan to SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine;
  - An increase of ¥19.3 billion due to execution of loan to Gestamp Automoción S.A.'s North American operations; and
  - An increase of ¥13.4 billion due to execution of loan to the offshore energy business.
- Property, plant and equipment declined by ¥93.6 billion, mainly due to the following factors:
  - A decline of ¥34.0 billion at U.S. shale gas and oil producing operations mainly due to partial sale of interest in the Marcellus Shale Gas Project (including a foreign exchange translation loss of ¥8.1 billion);
  - A decline of ¥30.5 billion (including a foreign exchange translation loss of ¥16.3 billion) at iron ore mining operations in Australia;
  - A decline of ¥30.1 billion (including a foreign exchange translation loss of ¥15.3 billion) at oil and gas operations other than U.S. shale gas and oil producing operations; and
  - An increase of ¥10.5 billion for the integrated development project in the 2, Ohtemachi 1-Chome District.
- Investment property increased by ¥9.2 billion, mainly due to an increase of ¥13.8 billion for the integrated development project in the 2, Ohtemachi 1-Chome District.
- Deferred tax assets declined by ¥43.1 billion, mainly due to a reduction in the corporate tax rate following the U.S. tax reform.

Millions of yen

(Liabilities and Equity)	2014	2015	2016	2017	**2018**
Current Liabilities					
Short-term debt	436,869	290,641	353,203	304,563	**201,556**
Current portion of long-term debt	505,946	472,718	519,161	388,347	**482,550**
Trade and other payables	1,473,834	1,384,039	1,107,238	1,203,707	**1,264,285**
Other financial liabilities	301,047	414,011	298,329	315,986	**300,284**
Income tax payables	42,857	41,877	22,309	52,177	**62,546**
Advances from customers	165,124	177,432	207,419	212,142	**287,779**
Provisions	17,491	25,523	14,959	13,873	**28,036**
Liabilities directly associated with assets held for sale	—	—	—	—	**40,344**
Other current liabilities	41,486	34,900	40,161	33,172	**31,392**
Total current liabilities	2,984,654	2,841,141	2,562,779	2,523,967	**2,698,772**
Non-current Liabilities					
Long-term debt, less current portion	3,468,301	4,030,598	3,838,156	4,108,674	**3,542,829**
Other financial liabilities	95,541	147,289	109,520	111,289	**103,162**
Retirement benefit liabilities	69,558	46,211	78,176	60,358	**50,872**
Provisions	174,855	228,540	219,330	196,718	**200,649**
Deferred tax liabilities	567,281	482,141	409,695	481,358	**467,003**
Other non-current liabilities	30,825	29,627	26,319	28,487	**25,250**
Total non-current liabilities	4,406,361	4,964,406	4,681,196	4,986,884	**4,389,765**
Total liabilities	7,391,015	7,805,547	7,243,975	7,510,851	**7,088,537**
Equity					
Common stock	341,482	341,482	341,482	341,482	**341,482**
Capital surplus	418,004	411,881	412,064	409,528	**386,165**
Retained earnings	2,345,790	2,537,815	2,314,185	2,550,124	**2,903,432**
Other components of equity	766,631	814,563	317,955	485,447	**448,035**
Treasury stock	(56,140)	(5,946)	(5,961)	(54,402)	**(104,399)**
Total equity attributable to owners of the parent	3,815,767	4,099,795	3,379,725	3,732,179	**3,974,715**
Non-controlling interests	284,537	297,579	286,811	257,983	**243,408**
Total equity	4,100,304	4,397,374	3,666,536	3,990,162	**4,218,123**
Total liabilities and equity	11,491,319	12,202,921	10,910,511	11,501,013	**11,306,660**

Analysis of Changes in Liabilities

Billions of yen

	2017	2018	Increase or decrease
Total current liabilities	2,524.0	2,698.8	**+174.8**
Short-term debt	304.6	201.6	**–103.0**
Current portion of long-term debt	388.3	482.6	**+94.3**
Trade and other payables	1,203.7	1,264.3	**+60.6**
Advances from customers	212.1	287.8	**+75.7**
Liabilities directly associated with assets held for sale	—	40.3	**+40.3**

Current Liabilities

- Short-term debt declined by ¥103.0 billion, mainly due to repayment of debt. Meanwhile, the current portion of long-term debt increased by ¥94.3 billion, mainly due to reclassification to current maturities, despite repayment of debt.
- Trade and other payables increased by ¥60.6 billion, corresponding to the increase in trade and other receivables. Furthermore, advances from customers increased by ¥75.7 billion, corresponding to the increase in advance payments to suppliers.
- Liabilities directly associated with assets held for sale increased by ¥40.3 billion, because liabilities expected to be transferred from the Company and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION are presented as a single line item as of March 31, 2018.

Billions of yen

	2017	2018	Increase or decrease
Total non-current liabilities	4,986.9	4,389.8	**–597.1**
Long-term debt, less current portion	4,108.7	3,542.8	**–565.9**
Provisions	196.7	200.6	**+3.9**
Deferred tax liabilities	481.4	467.0	**–14.4**

Non-current Liabilities

- Long-term debt, less the current portion, declined by ¥565.9 billion, mainly due to reclassification to current maturities, repayment of debt and reclassification of partial subsidiaries under Mitsui Rail Capital Participações Ltda., the holding company for freightcar leasing and management in Brazil, to equity accounted investees.
- Provisions increased by ¥3.9 billion, mainly due to recording of a provision related to Multigrain business, despite the decrease of the asset retirement obligation by ¥19.0 billion at oil and gas operations other than U.S. shale gas and oil producing operations.
- Deferred tax liabilities declined by ¥14.4 billion, mainly due to 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 dividends 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, despite the increase in financial assets measured at FVTOCI corresponding to higher share prices.

Analysis of Changes in Equity

Billions of yen

	2017	2018	Increase or decrease
Total equity	3,990.2	4,218.1	**+227.9**
Capital surplus	409.5	386.2	**–23.3**
Retained earnings	2,550.1	2,903.4	**+353.3**
Other components of equity	485.4	448.0	**–37.4**
Treasury stock	(54.4)	(104.4)	**–50.0**
Non-controlling interests	258.0	243.4	**–14.6**

- Capital surplus declined by ¥23.3 billion mainly due to the decrease corresponding to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.
- Retained earnings increased by ¥353.3 billion.
- Other components of equity declined by ¥37.4 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥102.8 billion, mainly due to higher share prices.
  - Foreign currency translation adjustments declined by ¥146.6 billion, mainly reflecting the appreciation of the Japanese yen against the U.S. dollar, the Australian dollar, and the Brazilian real.
- Treasury stock, which is a subtraction item in shareholders' equity, increased by ¥50.0 billion due to share buyback.
- Non-controlling interests declined by ¥14.6 billion mainly due to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.

Consolidated Statements of Income and Comprehensive Income

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

	2014	2015	2016	2017	**2018**
Revenue:					
Sale of products	5,206,772	4,815,162	4,202,593	3,833,564	**4,330,823**
Rendering of services	415,395	432,112	399,937	405,893	**436,606**
Other revenue	109,751	157,656	157,164	124,512	**124,720**
Total revenue	5,731,918	5,404,930	4,759,694	4,363,969	**4,892,149**
Cost:					
Cost of products sold	(4,627,572)	(4,310,657)	(3,807,456)	(3,418,437)	**(3,856,008)**
Cost of services rendered	(162,690)	(181,528)	(161,910)	(171,741)	**(186,093)**
Cost of other revenue	(61,550)	(66,905)	(63,706)	(54,496)	**(59,343)**
Total cost	(4,851,812)	(4,559,090)	(4,033,072)	(3,644,674)	**(4,101,444)**
Gross profit	880,106	845,840	726,622	719,295	**790,705**
Other Income (Expenses):					
Selling, general and administrative expenses	(574,871)	(584,608)	(566,014)	(538,975)	**(571,703)**
Gain (loss) on securities and other investments–net	30,816	42,458	93,168	64,962	**55,146**
Impairment reversal (loss) of fixed assets–net	(59,966)	(79,948)	(88,964)	(5,732)	**(25,454)**
Gain (loss) on disposal or sales of fixed assets–net	16,419	1,446	(11,684)	11,013	**15,108**
Provision related to Multigrain business	—	—	—	—	**(25,006)**
Other income (expense)–net	(21,720)	(34,918)	(32,092)	9,877	**15,826**
Total other income (expenses)	(609,322)	(655,570)	(605,586)	(458,855)	**(536,083)**
Finance Income (Costs):					
Interest income	33,644	33,120	31,612	34,905	**36,516**
Dividend income	124,026	114,070	54,675	51,874	**84,793**
Interest expense	(49,176)	(50,229)	(50,961)	(56,997)	**(66,488)**
Total finance income	108,494	96,961	35,326	29,782	**54,821**
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	171,239	144,596	(132,033)	170,569	**234,941**
Profit before Income Taxes	550,517	431,827	24,329	460,791	**544,384**
Income Taxes	(176,654)	(104,903)	(91,243)	(134,641)	**(103,082)**
Profit (Loss) for the Year	373,863	326,924	(66,914)	326,150	**441,302**
Profit (Loss) for the Year Attributable to:					
Owners of the parent	350,093	306,490	(83,410)	306,136	**418,479**
Non-controlling interests	23,770	20,434	16,496	20,014	**22,823**
Comprehensive Income:					
Profit (loss) for the year	373,863	326,924	(66,914)	326,150	**441,302**
Other Comprehensive Income:					
Items That Will Not Be Reclassified to Profit or Loss:					
Financial assets measured at FVTOCI	76,202	(57,039)	(315,232)	198,971	**174,983**
Remeasurements of defined benefit pension plans	(9,676)	20,045	(33,191)	16,379	**14,242**
Share of other comprehensive income of investments accounted for using the equity method	622	(3,612)	(1,739)	(3,132)	**4,372**
Income tax relating to items not reclassified	(12,915)	42,045	81,316	(54,549)	**(48,857)**
Items That May Be Reclassified Subsequently to Profit or Loss:					
Foreign currency translation adjustments	19,961	32,509	(118,214)	25,787	**(82,590)**
Cash flow hedges	9,623	(15,889)	1,347	14,985	**6,184**
Share of other comprehensive income of investments accounted for using the equity method	103,182	74,115	(153,984)	(6,528)	**(42,390)**
Income tax relating to items that may be reclassified	(3,889)	20,174	(5,490)	7,094	**(32,649)**
Total other comprehensive income	183,110	112,348	(545,187)	199,007	**(6,705)**
Comprehensive Income for the Year	556,973	439,272	(612,101)	525,157	**434,597**
Comprehensive Income for the Year Attributable to:					
Owners of the parent	521,457	406,583	(607,490)	503,025	**416,113**
Non-controlling interests	35,516	32,689	(4,611)	22,132	**18,484**

Analysis of Changes in Profit for the Year Attributable to Owners of the Parent

Billions of yen

	2017	2018	Increase or decrease
Profit for the year attributable to owners of the parent	306.1	418.5	**+112.4**
Gross profit	719.3	790.7	**+71.4**
Share of profit (loss) of investments accounted for using the equity method	170.6	234.9	**+64.3**
Dividend income	51.9	84.8	**+32.9**
Selling, general and administrative expenses	(539.0)	(571.7)	**−32.7**
Others	(96.7)	(120.2)	**−23.5**

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

- Energy **+32.9** (MOECO +17.1, MEPUSA +9.7, MEPTX +4.9, MEPME +4.5, MEPAU +4.4, WPI −3.7)
- Mineral & Metal Resources **+30.0** (Iron ore in Australia +13.6, Coal in Australia +12.3)
- Chemicals **−9.0** (Novus −16.9)

Share of profit (loss) of investments accounted for using the equity method Mainly the Machinery & Infrastructure Segment, the Mineral & Metal Resources Segment, the Energy Segment, and the Chemicals Segment recorded an increase.

- Machinery & Infrastructure **+32.2** (IPP +37.8 (Sales of the interests in UK IPP +20.3, Refinance of IPP +3.9, Improvement of MtM +2.6, Mar-17: Impairment loss on intangible asset, Loss on closure of a power plant in Australia, Decline of tax burden, etc.), PAG +4.8, Deterioration of overseas project, Reserve for Latin America loan −5.1, Impairment loss on overseas rail business, etc.)
- Mineral & Metal Resources **+13.3** (Acrux +11.7, Collahuasi +5.1, Valepar −9.6, etc.)
- Energy **+7.4** (JALMIMI, etc.)
- Chemicals **+7.4** (Miscellaneous)

Dividend income Mainly the Energy Segment and the Mineral & Metal Resources Segment reported an increase.

- Energy **+19.3** (Six LNG projects +19.7)
- Mineral & Metal Resources **+14.4** (Vale +8.7)

Selling, general and administrative expenses Primarily increases in personnel expenses and provision for doubtful receivables

Others

- The following table shows the details of Gain (loss) on securities and other investments–net, Impairment reversal (loss) of fixed assets–net, Gain (loss) on disposal or sales of fixed assets–net, Other income (expense)–net, and Provision related to Multigrain business.

Billions of yen

	2017	2018	Increase or decrease	2017 breakdown	2018 breakdown
Gain (loss) on securities and other investments–net	65.0	55.1	**−9.9**	Mineral & Metal Resources: Gain on deconsolidation of Sims +26.9 Lifestyle: Partial sale of IHH shares +14.6 Machinery & Infrastructure: Sale of wind power generation business in Australia +5.8 Sale of a stake in aviation business +4.1 Innovation & Corporate Development: Valuation gain on Hutchison China MediTech +4.8	Mineral & Metal Resources: Incorporation of Valepar +56.3 Machinery & Infrastructure: Gain on sale of an equity accounted investment, UK IPP holding company −3.5 Lifestyle: Impairment [DaVita] −5.9 Innovation & Corporate Development: Impairment [Naaptol] −3.1
Impairment reversal (loss) of fixed assets–net	(5.7)	(25.5)	**−19.8**	Miscellaneous	Lifestyle: Impairment at Xingu −11.3 Machinery & Infrastructure: Container terminal −5.4 Energy: Exploration expenses −4.9
Gain (loss) on disposal or sales of fixed assets–net	11.0	15.1	**+4.1**	Lifestyle: Sales of buildings in Japan	Lifestyle: Sales of buildings in Japan Innovation & Corporate Development: Sales of warehouses in Japan
Other income (expense)–net	9.9	15.8	**+5.9**	Machinery & Infrastructure: Receipt of IPP adjustment fees Energy/Mineral and Metal Resources: Exploration expenses −8.7	Iron & Steel Products: Gestamp price adjustment clause +4.8 Energy/Mineral and Metal Resources: Exploration expenses −3.5
Provision related to Multigrain business	—	(25.0)	**−25.0**		Lifestyle: Loss related to Multigrain

- The reasons for changes in income tax amounts are as follows.
  - For the current year, 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 year increased as profit before income taxes for the current year increased by ¥83.6 billion, and deferred tax assets on equity accounted investments as well as Multigrain Trading AG were reversed.
  - The effective tax rate for the current year was 18.9%, a decline of 10.3% from 29.2% for the previous year. The aforementioned reversal of deferred tax liabilities resulted in the decline, while the reversal of deferred tax assets caused an increase.

Consolidated Statements of Cash Flows

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

	2014	2015	2016	2017	**2018**
Operating Activities:					
Profit (loss) for the year	373,863	326,924	(66,914)	326,150	**441,302**
Adjustments to reconcile profit for the year to cash flows from operating activities:					
Depreciation and amortization	219,147	268,367	253,168	193,329	**192,587**
Change in retirement benefit liabilities	1,121	(3,787)	336	(637)	**4,326**
Provision for doubtful receivables	10,215	17,041	9,916	9,172	**20,331**
Provision related to Multigrain business	—	—	—	—	**25,006**
(Gain) loss on securities and other investments–net	(30,816)	(42,458)	(93,168)	(64,962)	**(55,146)**
Impairment (reversal) loss of fixed assets–net	59,966	79,948	88,964	5,732	**25,454**
(Gain) loss on disposal or sales of fixed assets–net	(16,419)	(1,446)	11,684	(11,013)	**(15,108)**
Finance (income) costs	(101,451)	(86,694)	(26,571)	(22,967)	**(50,911)**
Income taxes	176,654	104,903	91,243	134,641	**103,082**
Share of (profit) loss of investments accounted for using the equity method	(171,239)	(144,596)	132,033	(170,569)	**(234,941)**
Valuation (gain) loss related to contingent considerations and others	—	—	—	—	**(5,230)**
Changes in operating assets and liabilities:					
Change in trade and other receivables	(44,457)	151,918	338,168	(121,022)	**(198,407)**
Change in inventories	(13,508)	(161)	107,124	(60,272)	**9,813**
Change in trade and other payables	(51,883)	(52,092)	(228,258)	111,917	**99,814**
Other–net	(49,831)	(121,317)	(101,746)	(21,298)	**(24,062)**
Interest received	26,817	38,291	34,395	30,085	**33,935**
Interest paid	(51,283)	(49,906)	(51,232)	(65,352)	**(69,935)**
Dividends received	277,305	291,593	220,160	194,698	**376,422**
Income taxes paid	(164,958)	(136,561)	(132,311)	(63,461)	**(124,687)**
Cash flows from operating activities	449,243	639,967	586,991	404,171	**553,645**
Investing Activities:					
Change in time deposits	707	(4,736)	369	(8,936)	**8,368**
Net change in investments in and advances to equity accounted investees*	—	—	—	(155,423)	**(114,955)**
Net change in investments to equity accounted investees*	(204,757)	(155,355)	(126,378)	—	**—**
Net change in other investments	(96,918)	60,075	(23,424)	72,167	**(23,523)**
Net change in loan receivables*	—	—	—	(109,069)	**25,731**
Net change in long-term loan receivables*	(1,963)	60,046	14,097	—	**—**
Net change in property, plant, and equipment*	—	—	—	(149,568)	**(135,714)**
Net change in investment property*	—	—	—	(2,470)	**(8,078)**
Net change in property, plant, and equipment and investment property*	(356,887)	(346,427)	(272,723)	—	**—**
Cash flows from investing activities	(659,818)	(386,397)	(408,059)	(353,299)	**(248,211)**
Financing Activities:					
Net change in short-term debt	(85,141)	(181,841)	79,839	(48,983)	**(99,045)**
Net change in long-term debt	208,986	197,233	(15,211)	196,801	**(351,218)**
Purchase and sales of treasury stock–net	(50,216)	(23)	(14)	(48,647)	**(49,992)**
Dividends paid	(83,970)	(118,323)	(114,737)	(102,187)	**(105,844)**
Transactions with non-controlling interest shareholders	(2,896)	(23,239)	(425)	(47,249)	**(46,193)**
Cash flows from financing activities	(13,237)	(126,193)	(50,548)	(50,265)	**(652,292)**
Effect of exchange rate changes on cash and cash equivalents	17,595	47,076	(38,379)	12,438	**(24,529)**
Effect of cash and cash equivalents included in assets held for sale	—	—	—	—	**(1,053)**
Change in cash and cash equivalents	(206,217)	174,453	90,005	13,045	**(372,440)**
Cash and cash equivalents at beginning of year	1,432,534	1,226,317	1,400,770	1,490,775	**1,503,820**
Cash and cash equivalents at end of year	1,226,317	1,400,770	1,490,775	1,503,820	**1,131,380**

Certain reclassifications and format changes have been made to amounts of the Consolidated Statements of Cash Flows for the fiscal year ended March 31, 2017 to conform to the current period's presentation. Certain reclassifications and format changes have not been made to amounts for the fiscal years ended March 31, 2014, 2015, and 2016.

Analysis of Changes in Cash Flows from Operating Activities

Billions of yen

		2017	2018	Increase or decrease
Cash flows from operating activities	a	404.2	553.6	**+149.4**
Cash flows from change in working capital	b	(90.6)	(112.9)	**−22.3**
Core operating cash flow	a–b	494.8	666.5	**+171.7**

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥112.9 billion of net cash outflow mainly due to the effects of Other–net. 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 year amounted to ¥666.5 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥376.4 billion, an increase of ¥181.7 billion from ¥194.7 billion for the previous year.
  - Depreciation and amortization for the current year was ¥192.6 billion, a decline of ¥0.7 billion from ¥193.3 billion for the previous year.

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

Billions of yen

	2017	2018	Increase or decrease
Iron & Steel Products	8.6	14.2	**+5.6**
Mineral & Metal Resources	202.1	240.8	**+38.7**
Machinery & Infrastructure	74.4	158.8	**+84.4**
Chemicals	53.8	50.2	**−3.6**
Energy	134.1	175.3	**+41.2**
Lifestyle	8.4	7.1	**−1.3**
Innovation & Corporate Development	6.1	3.1	**−3.0**
All other and adjustments and eliminations	7.3	17.0	**+9.7**
Consolidated total	494.8	666.5	**+171.7**

Cash Flows from Investing Activities for the Fiscal Year Ended March 31, 2018

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥115.0 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 ¥16.9 billion;
  - An investment in CIM Group, LLC for ¥10.1 billion;
  - A sale of a stake in relation to the water concession business in Czech Republic; and
  - A partial sale of an equity accounted investment for ¥10.9 billion.
- Net cash outflows that corresponded to other investments (net of sales and maturities of other investments) were ¥23.5 billion, mainly due to the following factors:
  - An investment in the Russian pharmaceutical company JSC R-Pharm for ¥22.0 billion;
  - An acquisition of a healthcare staffing project in the U.S. for ¥13.3 billion;
  - An additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION for ¥10.2 billion; and
  - A sale of a stake in Champions Cinco Pipe & Supply LLC, oil and gas well tubular business.
- Net cash inflows that corresponded to collections of loan receivables (net of increases in loan receivables) were ¥25.7 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;
  - Execution of loan to Gestamp Automoción S.A.'s North American operations for ¥19.3 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 ¥135.7 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 ¥64.1 billion;
  - An expenditure for iron ore mining operations in Australia for ¥15.0 billion;
  - An expenditure for coal mining operations in Australia for ¥13.9 billion;
  - An expenditure for the U.S. shale gas and oil projects for ¥11.5 billion;
  - An expenditure for the integrated development project in the 2, Ohtemachi 1-Chome District for ¥10.5 billion; and
  - A partial sale of interest in the Marcellus Shale Gas Project for ¥15.8 billion.
- Net cash outflows that corresponded to sales of investment property (net of purchases of investment property) were ¥8.1 billion, mainly due to the following factors:
  - An expenditure for the integrated development project in the 2, Ohtemachi 1-Chome District for ¥13.8 billion; and
  - A sale of buildings in Japan by Mitsui & Co. Real Estate Ltd. for ¥10.5 billion.

Cash Flows from Financing Activities for the Fiscal Year Ended March 31, 2018

- Net cash outflows from net change in short-term debt and long-term debt were ¥99.0 billion and ¥351.2 billion, respectively, mainly due to the repayment of debt.
- The cash outflow from the purchases of treasury stock was ¥50.0 billion.
- The cash outflow from payments of cash dividends was ¥105.8 billion.
- The cash outflow from transactions with non-controlling interest shareholders was ¥46.2 billion, mainly due to an additional acquisition of a stake in Japan Collahuasi Resources, the holding company for Compañía Minera Doña Inés de Collahuasi, which is a copper mining company in Chile.

Segment Information

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	220,068	791,197	410,155	943,198	1,454,254	890,587	103,215
Gross profit	51,130	200,892	114,743	80,527	199,834	113,979	22,579
Share of profit (loss) of investments accounted for using the equity method	5,395	37,990	24,400	8,606	60,087	19,289	4,879
Profit (loss) for the year	14,583	88,052	17,146	8,370	188,441	12,096	(12,258)
EBITDA	21,839	241,785	35,642	28,514	416,106	20,203	(23,614)
Total Assets at March 31, 2014	567,741	1,970,858	1,872,585	765,751	2,478,158	1,495,387	496,533

	Americas	EMEA	Asia Pacific	Total	All Other	Adjustments and Eliminations	**Consolidated Total**
Revenue	699,622	108,663	109,079	5,730,038	1,884	(4)	**5,731,918**
Gross profit	78,725	18,752	12,469	893,630	794	(14,318)	**880,106**
Share of profit (loss) of investments accounted for using the equity method	4,039	1,384	4,525	170,594	365	280	**171,239**
Profit (loss) for the year	13,668	397	30,682	361,177	11,004	(22,088)	**350,093**
EBITDA	26,334	499	(347)	766,961	7,756	44,930	**819,647**
Total Assets at March 31, 2014	568,772	105,907	345,074	10,666,766	5,037,172	(4,212,619)	**11,491,319**

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	151,442	791,211	443,946	888,222	991,247	975,991	120,167
Gross profit	37,970	146,125	130,131	70,134	202,739	116,242	37,420
Share of profit (loss) of investments accounted for using the equity method	7,641	913	32,988	7,225	56,610	21,642	5,748
Profit (loss) for the year	8,460	60,857	45,680	3,702	119,674	(2,695)	6,006
EBITDA	12,909	155,530	54,977	18,074	439,849	16,156	(4,991)
Total Assets at March 31, 2015	493,961	1,955,957	2,112,645	838,894	2,610,367	1,658,188	550,339

	Americas	EMEA	Asia Pacific	Total	All Other	Adjustments and Eliminations	**Consolidated Total**
Revenue	828,521	110,161	102,179	5,403,087	1,843	—	**5,404,930**
Gross profit	92,589	19,317	12,223	864,890	701	(19,751)	**845,840**
Share of profit (loss) of investments accounted for using the equity method	7,450	574	4,518	145,309	—	(713)	**144,596**
Profit (loss) for the year	25,757	3,408	30,535	301,384	8,947	(3,841)	**306,490**
EBITDA	41,297	(541)	(2,528)	730,732	3,221	54,312	**788,265**
Total Assets at March 31, 2015	584,086	104,646	382,495	11,291,578	5,135,246	(4,223,903)	**12,202,921**

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	111,082	685,557	415,198	787,370	672,638	990,438	139,473
Gross profit	31,951	98,672	127,085	76,453	108,952	116,506	52,884
Share of profit (loss) of investments accounted for using the equity method	4,842	(204,064)	8,045	7,956	(22,257)	18,547	7,825
Profit (loss) for the year	6,328	(162,480)	18,308	17,711	(3,885)	(13,996)	16,128
EBITDA	10,945	(93,802)	29,239	30,089	210,119	9,938	12,491
Total Assets at March 31, 2016	392,174	1,591,364	2,009,812	732,483	1,973,464	1,523,795	510,529

	Americas	EMEA	Asia Pacific	Total	All Other	Adjustments and Eliminations	**Consolidated Total**
Revenue	785,574	105,267	111,402	4,803,999	2,606	(46,911)	**4,759,694**
Gross profit	114,831	20,530	23,259	771,123	1,664	(46,165)	**726,622**
Share of profit (loss) of investments accounted for using the equity method	8,215	3,700	35,493	(131,698)	57	(392)	**(132,033)**
Profit (loss) for the year	28,301	3,474	11,552	(78,559)	7,429	(12,280)	**(83,410)**
EBITDA	69,371	5,262	40,850	324,502	(490)	12,406	**336,418**
Total Assets at March 31, 2016	648,787	151,328	402,889	9,936,625	5,590,315	(4,616,429)	**10,910,511**

Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	202,406	746,406	408,504	1,037,284	463,601	1,378,263	125,226
Gross profit	36,724	176,786	114,452	145,611	63,885	136,179	44,988
Share of profit (loss) of investments accounted for using the equity method	11,129	48,468	64,341	3,880	17,090	24,085	2,077
Profit (loss) for the year	10,853	144,314	66,806	32,653	31,679	25,382	10,975
Core operating cash flow	8,617	202,136	74,432	53,771	134,109	8,378	6,109
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

				Total	All Other	Adjustments and Eliminations	**Consolidated Total**
Revenue				4,361,690	1,908	371	**4,363,969**
Gross profit				718,625	299	371	**719,295**
Share of profit (loss) of investments accounted for using the equity method				171,070	(106)	(395)	**170,569**
Profit (loss) for the year				322,662	(2,888)	(13,638)	**306,136**
Core operating cash flow				487,552	16,394	(9,100)	**494,846**
Total Assets at March 31, 2017				10,228,261	5,798,648	(4,525,896)	**11,501,013**

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Millions of yen

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	238,240	946,369	447,088	1,186,673	534,293	1,409,378	127,326
Gross profit	41,874	206,767	121,943	136,573	96,808	139,533	45,084
Share of profit (loss) of investments accounted for using the equity method	13,349	61,806	96,525	11,318	24,544	22,842	5,040
Profit (loss) for the year	24,728	257,617	89,617	34,235	48,601	(26,340)	(4,637)
Core operating cash flow	14,179	240,829	158,846	50,174	175,282	7,118	3,061
Total Assets at March 31, 2018	654,725	2,092,908	2,255,650	1,186,254	1,917,687	1,901,822	622,709

				Total	All Other	Adjustments and Eliminations	**Consolidated Total**
Revenue				4,889,367	1,937	845	**4,892,149**
Gross profit				788,582	1,278	845	**790,705**
Share of profit (loss) of investments accounted for using the equity method				235,424	(116)	(367)	**234,941**
Profit (loss) for the year				423,821	2,469	(7,811)	**418,479**
Core operating cash flow				649,489	8,558	8,440	**666,487**
Total Assets at March 31, 2018				10,631,755	6,239,888	(5,564,983)	**11,306,660**

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 Company and affiliated companies. Total assets of "All Other" at March 31, 2014, 2015, 2016, 2017 and 2018 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. The amounts in "Adjustments and Eliminations" for Profit (Loss) for the Year Attributable to Owners of the Parent include income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.

4. In the fiscal year ended March 31, 2015, we introduced EBITDA as a measure of underlying earnings power in addition to profit (loss) attributable to owners of the parent as a base indicator to measure performance. However, due to the fact that EBITDA includes impairment losses recorded by major equity accounted investees, we determined that core operating cash flow was a more appropriate indicator for measuring our ability to generate cash flow. Accordingly, as of the fiscal year ended March 31, 2018, we no longer use EBITDA to measure performance and instead use core operating cash flow.

5. Segment information for the fiscal years ended March 31, 2014, 2015, and 2016 has not been revised and restated in relation to paragraph 29 of IFRS 8.
Also, the profit and loss results for the fiscal years below have been revised and restated in compliance with legal disclosure requirements.
   - No revisions and restatements were made for results between the fiscal year ended March 31, 2014 and the fiscal year ended March 31, 2015.
   - Revisions and restatements were made for results between the fiscal year ended March 31, 2015 and the fiscal year ended March 31, 2016 to reflect the following changes.
     - ▸ Previously, profit of the jointly invested subsidiaries by several Company segments was allocated from the main segment to sub-segments using profit attributable to non-controlling interests. However, in order to disclose each operating segment's EBITDA more appropriately, since the fiscal year ended March 31, 2016, profits and losses associated with EBITDA have been allocated by using share of profit of investments accounted for using the equity method.
     - ▸ In order to disclose each operating segment's total assets more appropriately, since the fiscal year ended March 31, 2016, total assets of the jointly invested subsidiaries have been allocated based on internal profit share as of the fiscal year ended March 31, 2016.
   - Revisions and restatements were made for results between the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2017 to reflect the following changes.
     - ▸ In the fiscal year ended March 31, 2017, the Food Science Business was transferred from the Lifestyle Segment to the Chemicals Segment in conjunction with the establishment of the Nutrition & Agriculture Business Unit.
     - ▸ In the fiscal year ended March 31, 2017, the United Grain Corporation of Oregon, which was formerly included in the Americas Segment, was transferred to the Lifestyle Segment with the aim of optimizing the Group's global grain trading strategy.

6. In accordance with the changes below, the segment information for the fiscal year ended March 31, 2017 has been restated to conform to the current period's presentation.
   - Since the fiscal year ended March 31, 2018, 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 product segment. In addition, part of each of the regional segments have been consolidated into "All Other."
   - 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 "Adjustments and Eliminations." Since the fiscal year ended March 31, 2018, the internal tax rate has been made the same as the external tax rate. In addition, since the fiscal year ended March 31, 2018, the scope of allocation of expenses incurred at the 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.
   - Previously, the profit and loss of consolidated subsidiaries that are jointly held by numerous operating segments were allocated from the supervising to the 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 fiscal year ended March 31, 2018, these allocations have been 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.

Consolidated Statements of Changes in Equity

Mitsui & Co., Ltd. and its subsidiaries
Years ended March 31, 2014, 2015, 2016, 2017 and 2018

Millions of yen

	2014	2015	2016	2017	**2018**
Attributable to owners of the parent					
Common stock					
Balance at beginning of year	341,482	341,482	341,482	341,482	**341,482**
Balance at end of year	341,482	341,482	341,482	341,482	**341,482**
Capital surplus					
Balance at beginning of year	428,552	418,004	411,881	412,064	**409,528**
Equity transactions with non-controlling interest shareholders	(10,548)	(6,338)	2	(2,700)	**(23,581)**
Compensation costs related to stock options	—	215	181	164	**247**
Sale of treasury stock	—	—	—	—	**(29)**
Balance at end of year	418,004	411,881	412,064	409,528	**386,165**
Retained earnings					
Balance at beginning of year	2,060,298	2,345,790	2,537,815	2,314,185	**2,550,124**
Profit (loss) for the year attributable to owners of the parent	350,093	306,490	(83,410)	306,136	**418,479**
Transfer from other components of equity	19,356	54,031	(25,498)	31,990	**40,703**
Dividends paid to the owners of the parent	(83,957)	(118,305)	(114,722)	(102,187)	**(105,844)**
Sale of treasury stock	0	0	(0)	(0)	**(30)**
Cancellation of treasury stock	—	(50,191)	—	—	**—**
Balance at end of year	2,345,790	2,537,815	2,314,185	2,550,124	**2,903,432**
Other components of equity					
Balance at beginning of year	614,783	766,631	814,563	317,955	**485,447**
Other comprehensive income for the year	171,364	100,093	(524,080)	196,889	**(2,366)**
Transfer to retained earnings	(19,356)	(54,031)	25,498	(31,990)	**(40,703)**
Equity transactions with non-controlling interest shareholders	(160)	1,870	1,974	2,593	**5,657**
Balance at end of year	766,631	814,563	317,955	485,447	**448,035**
Treasury stock					
Balance at beginning of year	(5,974)	(56,140)	(5,946)	(5,961)	**(54,402)**
Acquisition of treasury stock	(50,217)	(25)	(16)	(48,648)	**(50,057)**
Sale of treasury stock	51	28	1	207	**60**
Cancellation of treasury stock	—	50,191	—	—	**—**
Balance at end of year	(56,140)	(5,946)	(5,961)	(54,402)	**(104,399)**
Total balance at end of year	3,815,767	4,099,795	3,379,725	3,732,179	**3,974,715**
Non-controlling interests					
Balance at beginning of year	245,848	284,537	297,579	286,811	**257,983**
Profit (loss) for the year attributable to non-controlling interests	23,770	20,434	16,496	20,014	**22,823**
Other comprehensive income for the year	11,746	12,255	(21,107)	2,118	**(4,339)**
Dividends paid to non-controlling interest shareholders	(18,981)	(13,900)	(18,387)	(52,706)	**(24,098)**
Equity transactions with non-controlling interest shareholders	22,154	(5,747)	12,230	1,746	**(8,961)**
Balance at end of year	284,537	297,579	286,811	257,983	**243,408**
Total equity	4,100,304	4,397,374	3,666,536	3,990,162	**4,218,123**

Risk Information

Risk Factors

(1) Risks of Changes in Global Macroeconomic Factors

Our global business activities are affected by economic conditions both globally and regionally. Among other locations, we are particularly vulnerable to downward economic trends in Europe, Japan, China, the U.S., and emerging countries. An economic downturn may cause a reduction in the flow of goods and materials, a decline in consumer spending and capital investment, and subsequently a decline in demand from our customers for our products and services, which may have an adverse impact on our business, operating results, and financial condition.

(2) Market Risk

① Commodity Market Risk

We are engaged in the trade in and, as the case may be, the production of a variety of commodities in the global commodities market including mineral resources and energy products. Among others, operating results from our mineral resources and energy producing activities account for a significant portion in our overall operating results. These commodity markets can be volatile in a short period or seasonally fluctuate by various factors such as imbalance of supply and demand, economic fluctuation, inventory adjustment, and exchange rate fluctuations. These factors are beyond our control. The unexpected market fluctuations may adversely affect our business, operating results, and financial condition, as follows.

- At businesses such as mineral resources and/or energy development projects, in which large amounts of investment have been made, it may occur that the invested amount is not recoverable through sales of the produced products due to a fall in price, or we may have difficulty in divesting our proprietary equity at a reasonable price.
- A decline in the value of our investments in LNG projects and other investments which are recognized to designate as at fair value through other comprehensive income ("FVTOCI"), could adversely affect our operating results and financial condition due to the decline of other comprehensive income.
- In trading of commodities or derivative instruments losses may occur as a result of unexpected fluctuations.
- Fluctuations in a commodity market may cause a reduction of trading transactions in which we act as a principal or an agent.

② Foreign Currency Risk

We are exposed to risk of exchange rate fluctuations and exchange rate fluctuations may have an adverse effect on our operating results. Although our reporting currency is the Japanese yen, a significant portion of our business operations, consolidated revenues, and operating expenses is denominated in currencies other than the Japanese yen. As a result, appreciation or depreciation in the value of other currencies as compared to the Japanese yen could result in material transactional gains or losses. As most of revenues, costs of revenues, and selling, general and administrative expenses incurred from regular business activities at overseas subsidiaries and associated companies are quoted in the U.S. dollar, the Australian dollar, the Brazilian real, or other currencies, our profit for the year may be affected by the fluctuations of these currencies and we are exposed to translation risk in our assets and liabilities denominated in foreign currencies. In addition, exchange rate fluctuations may reduce the value of investments in overseas subsidiaries and associated companies as well as in FVTOCI, and adversely affect our accumulated other comprehensive income.

③ Interest Rate Risk

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions, including ¥201.6 billion in short-term debt and ¥4,025.4 billion in long-term debt as of March 31, 2018. An increase in interest rates, especially in Japan and the U.S., may adversely affect our operating results.

④ Stock Price Risk

A significant portion of our investment portfolio consists of marketable equity financial assets. At March 31, 2018, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥1,046.6 billion, representing 9.3% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could negatively impact the value of our investment portfolio and operating results and financial condition due to the decline of other comprehensive income.

⑤ Risks Regarding Pension Cost and Projected Benefit Obligations

Declines in the market value of domestic and foreign government bonds, other debt securities, and marketable equity securities would reduce the value of our pension plan assets. A decline in the value of our pension plan assets or an increase in our unfunded defined benefit obligation could adversely affect our operating results and financial condition due to the decline of other comprehensive income and retained earnings.

(3) Credit Risks
We are exposed to large-scale counterparty credit risks, including the following:

- While many of our customers purchase products and services from us on credit, we may also provide financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2018, our current trade receivables (less allowance for doubtful receivables—current) were ¥1,766.0 billion, representing 15.6% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2018 was ¥8.6 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.
- We have counterparty payment risk from various derivative transactions we enter into as part of our hedging activities.

It is not possible for our credit risk management policy to eliminate risks completely relating to the deterioration of the financial positions of our counterparties. Furthermore, factors such as insolvencies among our customers caused by liquidity crises, sudden falls in real estate market or stock market prices, or increases in company bankruptcies may make it difficult for us to collect receivables.

(4) Risks Regarding Impairment Loss on Fixed Assets
Assets for our own use and/or rental to third parties, such as equipment and fixtures, land and buildings are exposed to potential significant impairment losses due to the decline in the value of these assets. The total of the carrying amounts of property, plant and equipment, investment property, and intangible assets was ¥2,092.1 billion, as of March 31, 2018. The carrying amounts of assets for our own use and/or rental to third parties are affected by certain factors, which are beyond our control such as changes in price, sales volume, production volume, and cost based on global or local supply and demand. When impairment losses on these assets occur, impairment losses may have an adverse effect on our operating results and financial condition.

(5) Risks Regarding Fund Procurement
Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lending or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity.

(6) Risks Regarding Deferred Tax Assets
We determine the recoverability of deferred tax assets based on all currently available information, including tax deductibility of accounting losses, their timing as well as future taxable income at Mitsui and the subsidiaries. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable, while the amount of recoverable net deferred tax assets may change if estimates of future taxable income are changed or if tax laws and regulations including statutory tax rates are revised.

A worsening of our operating environment could negatively affect our ability to achieve the goals set in our business plan, and future taxable income may decrease compared to the amount anticipated in the current tax planning strategies. In such cases, decrease in deferred tax assets due to the changes in assessment for recoverability of deferred tax assets may adversely affect our operating results and financial conditions.

(7) Concentrated Risk Exposures
Various types of businesses worldwide sometimes expose us to risks associated with regional political and economic instabilities, in addition to aspects of the global economic environment such as commodity market conditions, demand and supply for commodities, currency exchange rates, and interest rates. Furthermore, some of our business activities may be exposed to concentration risk in particular industries located in specific regions or countries. For example:

- In Brazil, Chile and Russia, we have significant interests in the exploration, development, and production of mineral resources and energy.
- In Indonesia, we actively participate in infrastructure projects, including the operation of power plants, and maintain a nationwide motorcycle retail finance business.
- In Mozambique, we have significant interests in the rail and port infrastructure business and the exploration, development, and production of mineral resources.

As a result, declining levels of trading activities or asset volumes in specific sectors or in certain regions or countries, or unexpected political or economic instabilities could have a disproportionately negative effect on our business, operating results, and financial condition.

(8) Business Investment Risk
As of March 31, 2018, we had 265 consolidated subsidiaries and 207 equity accounted investees. We have been continuously restructuring underperforming businesses of our consolidated subsidiaries and associated companies using a process we have introduced to assess their profitability. If we fail to successfully restructure or eliminate our underperforming subsidiaries and associated companies in a timely manner, or if these efforts fail to improve our business operations as contemplated, our business operations may become less efficient and our operating results and financial condition may be adversely affected.

Furthermore, we participate in various businesses directly or indirectly through joint ventures or by making strategic investments in other companies and business enterprises. The outcome of these joint ventures and strategic investments is unpredictable because:

- operational success is critically dependent on factors that are beyond our control such as the financial condition and performance of the partner companies or the strategic investees; or
- with respect to certain associated companies, we may be unable to exercise adequate control over the management, operations, and assets of the companies in which we invested or may be unable to make major decisions without the consent of other shareholders or participants due to lack of common business goals and strategic objectives with our alliance partners.

Any occurrence of these events could have an adverse effect on our operating results and financial condition.

(9) Risks Regarding Exploration, Development, and Production of Mineral Resources and Oil and Gas

Exploration, development, and production activities of mineral resources and oil and gas projects are becoming more significant to our operating results and financial condition. Mining and oil and gas projects involve risks, as follows:

- development of projects may face schedule delays or cost overruns than originally planned, due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations including environmental aspect;
- reserves are estimated based on available geological, technical, contractual and economic information, and thus actual development and production may significantly differ from originally estimated reserves; and
- exploration activities may not produce successful results and thus it is possible that reserve replacement cannot be achieved as per assumed cost and time schedule.

We participate as a non-operator in many of these projects. Under these circumstances, we carefully consider the business potential and profitability of projects based on the information and data provided by operators, who have the discretion to control operations of such projects, including decision-making for development and production. In addition to the above-mentioned risks, an operator's failure in managing those projects may adversely affect our operating results and financial condition.

(10) Risks Due to Competition

Products and services we provide are generally under competition. Other Japanese general trading companies as well as other competitors which engage in similar business activities in various fields may have stronger business associations and relationships with our customers, suppliers, and business partners in both domestic and global markets; or stronger global networks and regional expertise, diversified global customer bases, greater financial engineering skills, and market insights. Unless we can successfully continue to meet the changing needs of our customers by providing them with innovative and integrated services in a cost effective manner, we may lose our market share or relationships with our existing customers, and we may have an adverse effect on our operating results and financial condition.

(11) Risk Regarding Limitation of Resources on Business

In new businesses, we are investing in human resources that are capable of planning and evaluating business, executing projects, and managing and supervising a workforce. However, in certain business areas, we may have a shortage of required human resources, which could cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results, and financial condition.

(12) Environmental Risks

Various projects and business transactions worldwide we are involved in are subject to extensive environmental laws and regulations. In particular, the Mineral & Metal Resources Segment and Energy Segment may be adversely affected by present or future environmental regulations or enforcement in connection with our exploration, development, and production activities. For example, we are subject to complex sets of environmental regulations in Australia, Brazil, Chile, Russia, and the Middle East. These laws and regulations may require us to perform site clean-ups; require us to curtail or cease certain operations; impose fines and payments for significant environmental damage; require us to install costly pollution control equipment; and require us to modify our operations. Newly enacted environmental laws and regulations or changes therein, criticism by stakeholders such as NPOs & NGOs, advice from institutional shareholder service providers and ratings by the ESG/SRI research company may materially impact the progress of these projects. Once an environmental accident occurs, as the owner of mineral resource and energy interests, regardless of the degree of our contribution to such accidents or acts of negligence, we may be imposed to bear fines or payments for compensation from environmental authorities or other concerned parties, even in situations where we have no involvement at all in actual operations as a non-operator. These fines and/or compensation payments may include clean-up costs, compensation for environmental damages, compensation for health hazards and/or property damage to those affected by the accident, compensation for absence from work, and/or for loss of earnings.

(13) Risks Associated with Laws and Regulations

Our business operations are subject to extensive laws and regulations in Japan and other countries throughout the world. Our operations are subject to laws and regulations governing, among other things, commodities, consumer protection, business and investment approvals, environmental protection, currency exchange control, import and export (including restrictions from the viewpoint of national and international security), taxation, and antitrust. For instance, many of our infrastructure projects in developing countries are subject to less developed legal systems. As a result, our costs may increase due to factors such as the lack of a comprehensive set of laws and regulations, an unpredictable judicial system based on inconsistent application and interpretation of laws and regulations, and changing practices of regulatory and administrative bodies. For example, we are subject to sudden and unpredictable changes to: tariffs for products and services that we provide; technical specifications with respect to environmental regulations; income tax and duty rates; and foreign currency exchange controls with respect to repatriation of investments and dividends.

Furthermore, while we are involved in the exploration, development, and production activities through various contractual arrangements for concessions, the contracts may not be honored or extended when they expire. Moreover, the regulatory bodies of these areas may unilaterally intervene or even alter the contractual terms of our oil and gas as well as mineral resource producing operations involving production rates, pricing formulas, royalties, environmental protection cost, land tenure, or otherwise. If these regulatory bodies unilaterally alter such contractual terms, or if the cost of complying with revised or newly established laws and regulations increases, our business, operating results, and financial condition could be adversely affected. In order to comply with laws and regulations, we may bear considerable additional costs.

(14) Risks Regarding Employees' Compliance with Laws, Regulations, and Internal Policies

Due to our size, as well as the operational and geographic breadth of our activities, our day-to-day operations are necessarily decentralized. As a result, we cannot fully ensure that our employees comply with all applicable laws and regulations as well as our internal policies. For example, our employees may engage in unauthorized trading activities and exceed the allotted market risk exposure for various commodities or extend an unauthorized amount of credit to a client, which, in either case, may result in unknown losses or unmanageable risks. Moreover, our employees could engage in various unauthorized activities prohibited under the laws of Japan or other jurisdictions to which we are subject, including export regulations, anticorruption laws, antitrust laws, and tax regulations. The efforts we undertake to ensure employees' compliance with applicable laws and regulations as well as our internal policies may not succeed in preventing misconduct by our employees. Depending on its nature, employees' misconduct could have negative effects on our operating results and reputation.

(15) Risks Regarding Internal Control

We are engaged in business activities in a variety of products and services worldwide and thus our internal control over financial reporting needs to be established for numerous transaction patterns. We may be unable to maintain adequate internal control over financial reporting, and thus not be able to assert that our internal control over financial reporting is effective. This could adversely affect the capital market's perception of us and may cause negative market reactions.

(16) Risks Regarding Climate Changes and Natural Disasters

Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as adoption and ratification of "Paris Agreement" at the 21st Conference of Parties (COP21) in United Nations' U.N. Framework Convention on Climate Change.

We recognize the significance of Climate Change. Transition risks related to transition to low carbon emission economy (Policy and Legal Risks, Technology Risk, and Market Risk) and physical risks resulting from climate change could adversely affect the operating results of our businesses.

As transition risks related to policy and legal risks, the introduction of government-imposed greenhouse gas emission restrictions including imposition of carbon tax, and cap-and-trade schemes of emissions credit could adversely affect the operating results of our businesses that use fossil fuels and emit a large amount of greenhouse gases, such as overseas power producing businesses, and that produce coal, oil, and gas, where we have minority share holdings.

As physical risks, among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are strong tropical depressions in the Atlantic and South Pacific oceans, respectively, may have an adverse impact on production and shipments of our mineral resources, oil and gas, and salt production operations, leading to increased costs and/or decreased revenues. In the case that production sites, production facilities, and infrastructure used for shipments such as roads, railways, and ports are seriously damaged by extreme weather conditions, operations and shipments could stop for indeterminate periods until restoration work is completed. Extreme weather conditions such as drought could also adversely affect foods raw material producing activities in which we have investments.

Furthermore, natural disasters, such as earthquakes, heavy rain or floods, that affect our employees and damage our offices or facilities, may adversely hinder our business. We have implemented measures such as developing a disaster contingency manual, creating a Business Continuity Plan (BCP), introducing a safety confirmation system for employees, reinforcing earthquake resistance, and conducting emergency drills. However, despite these measures, there is no assurance that damage from disasters can be completely avoided.

(17) Risks Regarding Information Systems and Information Securities

As for the worldwide operation of our global communication network, it is important to properly operate the IT system, grasp information value, and handle it properly. We enhance the safety and security of information systems by internal control through development of related regulations to secure properly confidentiality, integrity, and availability on information and information systems for us and our consolidated subsidiaries. We reduce risks on data breaches by improved guidelines for better risk management, and tackle external threats with various measures, including the security monitoring of our IT networks. However, we cannot eliminate all the possibilities of distraction or leakages of confidential business information triggered by unexpected serious IT system troubles, and unforeseeable threats against our IT system infrastructure or communications networks. Such situations could seriously reduce our operational efficiency or jeopardize our ability to maintain or expand our business activities, which may have an adverse impact on our business, operating results and financial condition.

(18) Risks Relating to Terrorists and Violent Groups

We conduct business operations globally, and these conditions are therefore exposed to risk from unexpected situations relating to terrorists and violent groups, as well as trends in politics and social factors. The materialization of such risks may have an adverse impact on our business, operating results and financial condition.

(19) Possibility of Difference between the Actual Dividend Amount and the Forecasts Announced Prior to the Record Date

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practice widely followed in other markets. Our dividend payout practice is no exception.

We ordinarily announce a certain dividend payout policy at the beginning of each fiscal year and also provide guidance for annual dividends based on the forecast of our financial results including profit for the year. Interim dividends are paid to shareholders of record on September 30 of each fiscal year after reviewing our financial results during the first six months of each fiscal year as well as our forecast of our financial results during the last six months of the same fiscal year. The decision of declaration and payment is solely a matter of discretion of our Board of Directors, and such a decision may be made after the September 30 record date, and thus may differ from our guidance provided prior to such record date.

The amount and payment of the year-end dividend are determined by our Board of Directors based on the actual financial results including profit for the year. It also requires the approval of shareholders at the annual general meeting held in June of each year, if we propose to declare the year-end dividend. Our Board of Directors decides and submits a proposal for the year-end dividend declaration a few weeks before the annual general meeting. If the shareholders' approval is given, dividend payments are made to shareholders of record.

The shareholders of record may sell shares after the March 31 record date with the anticipation of receiving a certain dividend payment. However, the declaration of year-end dividends is approved by our shareholders only in June, usually based upon a proposal submitted by our Board of Directors. As such, we may have announced dividend-related forecasts prior to the record date; but, in making a decision on the year-end dividend declaration, neither our shareholders nor our Board of Directors is legally bound by such forecast. Moreover, where our profit for the year turns out to be lower than we originally forecast, we may not submit any year-end dividend proposal to the annual general meeting of shareholders.

(20) Possibility of Restriction to Sell Our Common Stock Because of Daily Price Range Limitations under Japanese Stock Exchange Rules

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price range limitations for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits on these exchanges. Consequently, an investor wishing to sell at a price above or below the relevant daily limit on these exchanges may not be able to effect a sale at such price on a particular trading day, or at all.

(21) Necessity of Depositary to Exercise the Rights of Shareholders

The rights of shareholders under Japanese law to take actions, including exercising voting rights, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders recorded on our register of shareholders. Because the depositary, through its custodian agents, is the recorded holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying your ADSs as instructed by you and will pay to you the dividends and distributions collected from us. However, as ADS holders, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights except through and with the consent of the depositary.

Risk Management

(1) Credit Risk

With regard to the contingent characteristics of credit risks included in derivative instruments, some of the derivative instruments used by the Company and certain subsidiaries such as commodity futures, commodity forwards, commodity swaps, and commodity options may include clauses that prescribe changes in the minimum required collateral (margins) or early termination in accordance with the credit ratings of the Company. If the credit ratings of the Company are downgraded, the counterparty will require additional collateral from the Company and certain subsidiaries to cover the whole or part of the amount of the relevant derivative obligations in accordance with such clauses.

Concentration of credit risk in specific regions or customers is minimized as the companies carry out a wide variety of transactions with various customers all over the world. The companies also minimize credit risks of derivative instruments associated with, for example, counterparty defaults by entering into these transactions mainly with reputable international financial institutions with high credit ratings. Therefore, the companies believe that a significant loss arising from these transactions is extremely unlikely. The companies manage credit risks through the management of commitment lines of credit approved by an executive officer and through counterparty monitoring conducted on an ongoing basis. In addition, the companies require collateral and/or other forms of security from counterparties as necessary.

(2) Liquidity Risk

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lender or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity. The companies secure the liquidity required for our smooth operations and maintain the strength and soundness of our balance sheet by holding sufficient cash and cash equivalents, maintaining lines of credit with banks, procuring mainly long-term funds, utilizing financing programs provided by government financing agencies and/or project financing and such so that the companies decrease liquidity risk. The unused lines of credit that the companies can access to meet liquidity needs as of March 31, 2018 and 2017 were ¥1,237,812 million and ¥1,107,863 million, respectively.

(3) Market Risks

The Companies are subject to market risks associated with fluctuations in interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of the Company's operating and other activities.

The Companies have formulated market risk management policies and have established management systems at several levels. In particular, regarding foreign currency exchange risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits on positions and losses, as well as prescribing management systems at each business unit. They also have the responsibility of obtaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent from trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge. Regarding interest rate risks, the environment surrounding financial markets, the Companies' ratio of assets and liabilities, and the risks of interest rate fluctuations are regularly reported to the executive officers, by whom the risk management policies for interest rate were approved. Stock price risk is managed by analyzing factors of stock price fluctuations.

① Interest Rate Risk

The Companies are exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect the operating results. The Companies have entered into interest rate derivative transactions which consist mainly of interest rate swap agreements and interest rate and currency swap agreements to hedge exposures of certain assets and liabilities.

The impacts on profit before income taxes for the fiscal years ended March 31, 2018 and 2017, assuming a 100 basis point rise in interest rates as of March 31, 2018 and 2017, were ¥(24,686) million and ¥(28,353) million, respectively. These are calculated by multiplying the balance of floating-rate financial instruments held by the Companies as of March 31, 2018 and 2017 by 100 basis points without considering future changes in the balance, the effect of exchange rate fluctuations, the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts, etc., and assuming that all other variables are constant. The items that are considered to be instruments affected by interest rate fluctuations for the purpose of calculating the sensitivity include floating-rate interest-bearing debts/loans, fixed-rate interest-bearing debts/loans that are effectively converted to floating-rate instruments under interest rate swap agreements, deposits, and other instruments.

② Foreign Currency Exchange Rate Risk
The Companies are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities and financial transactions. The Companies hedge these risks with forward exchange contracts and currency swaps.

For significant long and short net positions denominated in foreign currencies as of March 31, 2018 and 2017, assuming a 1% appreciation of the Japanese yen, the impacts on profit before income taxes would have been ¥(1,101) million from USD, ¥(17) million from BRL, and ¥(23) million from AUD as of March 31, 2018 and ¥(612) million from USD, ¥(37) million from BRL, and ¥59 million from AUD as of March 31, 2017. Based on the same assumption, the impacts on other comprehensive income would be ¥(245) million from USD and ¥(3,884) million from BRL, as of March 31, 2018 and ¥(260) million from USD as of March 31, 2017. The increase of impact on other comprehensive income from BRL is due to the Company's acquisition of Vale shares resulted from the incorporation in Valepar by Vale. The long and short positions denominated in foreign currencies indicate that they are in currencies other than that of the functional currency of each company. In this context, the long positions represent the condition in which certain losses occur due to a decline in the value of the currency, and the short positions represent the condition in which certain gains occur due to an increase in the value of the currency. Foreign currency translation adjustments are not included in the scope of this analysis. In addition, this analysis assumes that all other variables are constant.

③ Commodity Price Risk
As the Companies carry out business activities pertaining to commodities such as non-ferrous metals, crude oil and gas, and foods, they are exposed to risks associated with commodity prices.

The Companies measure the risk of market commodities for which historical price fluctuations have been relatively significant along with actively traded derivatives by using Value at Risk (VaR), which is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidential level. VaR is calculated by mainly using a 10-day holding period and a confidence level of 99%. In addition, the figures do not necessarily take into account correlations between all commodities. VaRs as of March 31, 2018 and 2017 were ¥6,604 million and ¥10,445 million, respectively. The actual results may differ significantly from VaR above as VaR is calculated by using historical fluctuations of each risk component.

④ Stock Price Risk
The Companies invest in listed companies to strengthen ties with customers, suppliers and others, as well as to make various types of propositions to the companies in which the Companies invest, to pursue operating revenue. These investments are exposed to stock price risks.

For investments held as of March 31, 2018 and 2017, the impacts on other comprehensive income arising from changes in the fair values assuming a 10% change in the stock index representative of the markets on which the individual stocks are traded were ¥97,061 million and ¥52,203 million, respectively. The impact on profit before taxes is immaterial.

Major Risk Exposure by Country and Fund Operation

Investments, Loans, and Guarantees (As of March 31, 2018)
(Sum of Mitsui & Co., Ltd., Trading Subsidiaries, and some investment vehicles and subsidiaries)

Billions of yen

	Investments	Loans	Guarantees	Total	Hedged (ex. Insurance)	Net Position
Brazil	792.7	62.2	206.3	1,061.2	63.9	**997.3**
Chile	13.7	33.0	265.6	312.3	0.0	**312.3**
Mozambique	121.9	0.0	155.0	276.9	0.0	**276.9**
Italy	61.6	0.0	129.8	191.4	0.0	**191.4**
Indonesia	119.6	2.4	50.0	172.0	7.7	**164.3**
Malaysia	129.3	0.0	17.7	147.0	0.0	**147.0**
China	129.5	0.4	4.7	134.6	0.2	**134.4**
Mexico	68.8	0.0	47.7	116.5	0.1	**116.4**
Thailand	68.8	0.7	44.5	114.0	0.4	**113.6**
Russia	103.0	0.0	2.8	105.8	0.0	**105.8**
Qatar	100.8	0.0	2.3	103.1	0.0	**103.1**
India	26.0	0.6	17.4	44.0	0.0	**44.0**

Notes: 1. Among the countries subject to country risk reporting, we disclose countries with significance as to the balance.
2. "Hedged" represents the amounts by which credit risk is hedged by such as investment insurance and third-party guarantees.
3. "Investment" represents book value for accounting purposes on the basis of Japanese GAAP, not reflecting the effects of applying net investment hedging relationships.
4. From the fiscal year ended March 31, 2018, the balance of "China" in the above table includes Hong Kong.

Trade Receivables (As of March 31, 2018)
(Sum of Mitsui & Co., Ltd., Trading Subsidiaries, and some investment vehicles and subsidiaries)

Billions of yen

	Gross	Hedged (ex. Insurance)	Net Position
Brazil	21.4	0.9	**20.5**
Chile	14.8	0.3	**14.5**
Mozambique	0.2	0.0	**0.2**
Italy	17.6	2.2	**15.4**
Indonesia	22.5	0.1	**22.4**
Malaysia	12.4	0.2	**12.2**
China	223.1	4.8	**218.3**
Mexico	8.0	1.1	**6.9**
Thailand	38.2	1.5	**36.7**
Russia	1.4	0.0	**1.4**
Qatar	1.3	0.0	**1.3**
India	39.1	3.8	**35.3**

5. Among the countries subject to country risk reporting, we disclose countries with significance as to the balance.
6. "Hedged" represents the amounts by which credit risk is hedged by such as trade insurance and Confirmed L/C.
7. From the fiscal year ended March 31, 2018, the balance of "China" in the above table includes Hong Kong.

Investor Information

As of April 1, 2018

Securities Identification Code
8031

Stock Exchange Listings
Tokyo, Nagoya, Sapporo, Fukuoka

Fiscal Year
From April 1 to March 31

General Shareholders' Meeting
June

Administrator of the Register of Shareholders
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
100-0005

Contact Information for Above
Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business Planning Department
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

American Depository Receipts
Ratio: 1ADR = 20 common shares
Exchange: OTC (Over-the-Counter)
Symbol: MITSY
CUSIP Number: 606827202

Depository and Registrar
Citibank, N.A. Shareholder Services
P.O. Box 43077, Providence,
Rhode Island 02940-3077, U.S.A.
Tel: 1-877-248-4237 (Toll free in the U.S.)
1-781-575-4555 (Overseas Dial-In)
E-mail: citibank@shareholders-online.com
URL: www.citi.com/adr

As of March 31, 2018

Unit Share
100 shares

Number of Shareholders
319,600 shareholders

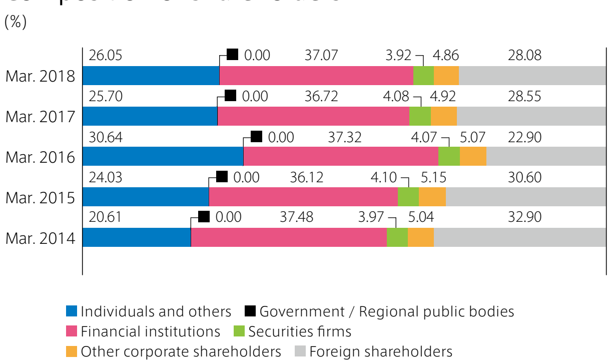
Number of Shares Issued
1,796,514,127 shares
(including 58,602,512 treasury shares)

Number of Shares Authorized
2,500,000,000 shares

Major Shareholders

The Master Trust Bank of Japan, Ltd. (trust account)
Japan Trustee Services Bank, Ltd. (trust account)
Japan Trustee Services Bank, Ltd. (trust account 9)
Nippon Life Insurance Company
Japan Trustee Services Bank, Ltd. (trust account 5)
STATE STREET BANK WEST CLIENT – TREATY 505234
Sumitomo Mitsui Banking Corporation
Japan Trustee Services Bank, Ltd. (trust account 7)
Japan Trustee Services Bank, Ltd. (trust account 1)
Japan Trustee Services Bank, Ltd. (trust account 2)

Composition of Shareholders



Note: The figures in the above graph reflect all shareholders and shares held but exclude shareholders who own less than one trading unit.