Consolidated Financial Results for the Three-Month Period Ended June 30, 2018 [IFRS]

Tokyo, August 2, 2018 - Mitsui & Co., Ltd. announced its consolidated financial results for the three-month period ended June 30, 2018, based on International Financial Reporting Standards ("IFRS").

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

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1. Consolidated financial results

(1) Consolidated operating results information for the three-month period ended June 30, 2018
(from April 1, 2018 to June 30, 2018)

		Three-month period ended June 30,			
		2018	%	2017	%
Revenue	Millions of yen	1,556,199	31.7	1,181,660	15.9
Profit before income taxes	Millions of yen	167,026	8.5	153,924	79.6
Profit for the period	Millions of yen	126,015	8.1	116,533	81.2
Profit for the period attributable to owners of the parent	Millions of yen	118,414	6.9	110,756	81.1
Comprehensive income for the period	Millions of yen	160,060	30.4	122,755	-
Earnings per share attributable to owners of the parent, basic	Yen	68.14		62.79	
Earnings per share attributable to owners of the parent, diluted	Yen	68.08		62.75	

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

(2) Consolidated financial position information

		June 30, 2018	March 31, 2018
Total assets	Millions of yen	11,379,486	11,306,660
Total equity	Millions of yen	4,306,789	4,218,123
Total equity attributable to owners of the parent	Millions of yen	4,056,345	3,974,715
Equity attributable to owners of the parent ratio	%	35.6	35.2

2. Dividend information

		Year ended March 31, 2019	Year ended March 31, 2018	Year ending March 31, 2019 (Forecast)
Interim dividend per share	Yen		30	35
Year-end dividend per share	Yen		40	35
Annual dividend per share	Yen		70	70

Note :
Change from the latest released dividend forecast : None

3. Forecast of consolidated operating results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

		Year ending March 31, 2019
Profit attributable to owners of the parent	Millions of yen	420,000
Earnings per share attributable to owners of the parent, basic	Yen	241.67

Note :
Change from the latest released earnings forecast : None

4. Others
(1) Increase/decrease of important subsidiaries during the period : Yes
Included: 1 company (AWE Limited)

(2) Changes in accounting policies and accounting estimate :
(i) Changes in accounting policies required by IFRS Yes
(ii) Other changes None
(iii) Changes in accounting estimates Yes

Note :
For further details please refer to page 15 "3. Condensed Consolidated Financial Statements (6) Changes in Accounting Policies and Changes in Accounting Estimates".

(3) Number of shares :

	June 30, 2018	March 31, 2018
Number of shares of common stock issued, including treasury stock	1,742,345,627	1,796,514,127
Number of shares of treasury stock	4,458,822	58,632,655

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2017
Average number of shares of common stock outstanding	1,737,884,041	1,763,954,938

This quarterly earnings report is not subject to quarterly review.

A Cautionary Note on Forward-Looking Statements:
This report contains forward-looking statements including those concerning future performance of Mitsui & Co., Ltd. ("Mitsui"), and those statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it. Various factors may cause Mitsui's actual results to be materially different from any future performance expressed or implied by these forward-looking statements. Therefore, these statements do not constitute a guarantee by Mitsui that such future performance will be realized.
For cautionary notes with respect to forward-looking statements, please refer to the "Notice" section on page 9.

Supplementary materials and IR meetings on financial results:
Supplementary materials on financial results can be found on our web site.
We will hold an IR meeting on financial results for analysts and institutional investors on August 2, 2018.
Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

Table of Contents

1. Qualitative Information

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

(1) Operating Environment

In the three-month period ended June 30, 2018, the global economy experienced an upturn compared to the temporary weak growth in the previous three-month period and continued to be resilient, particularly in developed countries, supported by a recovery in spending and investment.

In the U.S., consumer spending continues to be resilient supported by a favorable environment for employment and employee income, and tax reform is expected to drive capital investment. As such, economic recovery is expected to continue for the time being. In the meantime, in Europe, growth is expected to gradually weaken as corporate business confidence plateaus. In Japan, moderate economic recovery is expected to continue as a result of consumer spending supported by the 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. However, there is concern regarding the impact of the disasters caused by heavy rainfall in western Japan in early July. As for emerging countries, growth is expected to weaken in China due to excess capacity and adjustments of debts in addition to the impact of the trade friction between the U.S. and China. In Brazil, the economy is expected to slow down following the impact of truck drivers going on strike and the depreciation of the Brazilian real. In Russia, limited growth is also expected to continue 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, there is increased uncertainty and a careful watch is needed on a range of circumstances that include 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 the growing intensity of trade friction as a result of U.S. trade policy.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		1,556.2	1,181.7	+374.5
Gross profit		218.4	199.4	+19.0
Selling, general and administrative expenses		(137.7)	(132.1)	(5.6)
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	1.3	3.3	(2.0)
	Impairment Reversal (Loss) of Fixed Assets—Net	(1.0)	(1.3)	+0.3
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	6.9	6.5	+0.4
	Other Income (Expense)—Net	(2.8)	4.8	(7.6)
	Reversal of Provision Related to Multigrain Business	11.1	-	+11.1
Finance Income (Costs)	Interest Income	10.2	9.7	+0.5
	Dividend Income	21.1	17.4	+3.7
	Interest Expense	(19.0)	(16.1)	(2.9)
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		58.4	62.3	(3.9)
Income Taxes		(41.0)	(37.4)	(3.6)
Profit for the Period		126.0	116.5	+9.5
Profit for the Period Attributable to Owners of the Parent		118.4	110.8	+7.6

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

Revenue

Revenue for the three-month period ended June 30, 2018 (“current period”) was ¥1,556.2 billion, an increase of ¥374.5 billion (including ¥385.0 billion due to the adoption of the new accounting treatment) from the corresponding three-month period of the previous year (“previous period”).

Gross Profit

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

Other Income (Expenses)

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

For the current period, a gain on disposal of fixed assets was recorded in the Iron & Steel Products Segment. For the previous period, a gain on disposal of fixed assets was recorded in the Innovation & Corporate Development Segment.

Reversal of Provision Related to Multigrain Business

The Lifestyle Segment recorded a gain on the reversal of the provision for the withdrawal from the business recognized in the previous year.

Finance Income (Costs)

Dividend Income

Mainly the Energy Segment recorded an increase.

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

Mainly the Mineral & Metal Resources Segment recorded a decline, while the Machinery & Infrastructure Segment and the Iron & Steel Products Segment recorded an increase.

Income Taxes

Income taxes for the current period increased as profit before income taxes for the current period increased by ¥13.1 billion. The effective tax rate for the current period was 24.6%, an increase of 0.3% from 24.3% for the previous period.

Profit for the Period Attributable to Owners of the Parent

Profit for the period attributable to owners of the parent was ¥118.4 billion, an increase of ¥7.6 billion from the previous period.

2) Operating Results by Operating Segment

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	6.8	6.9	(0.1)
Gross profit	6.8	12.7	(5.9)
Profit (loss) of equity method investments	7.2	4.1	+3.1
Dividend income	1.0	1.2	(0.2)
Selling, general and administrative expenses	(7.2)	(9.1)	+1.9
Others	(1.0)	(2.0)	+1.0

- Profit (loss) of equity method investments increased mainly due to the following factor:

- For the current period, following the classification of NIPPON STEEL & SUMIKIN BUSSAN CORPORATION as an equity method investee, a profit of equity method investment of ¥3.6 billion was recorded.

- In addition to the above, the following factor also affected results:
  - For the current period, a one-time gain of ¥5.9 billion was recorded due to the sale of land of an affiliated company.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	39.7	54.4	(14.7)
Gross profit	45.8	56.9	(11.1)
Profit (loss) of equity method investments	14.0	27.0	(13.0)
Dividend income	0.6	1.1	(0.5)
Selling, general and administrative expenses	(8.4)	(9.3)	+0.9
Others	(12.3)	(21.3)	+9.0

- Gross profit declined mainly due to the following factors:
  - Iron ore mining operations in Australia reported a decline of ¥5.8 billion due to the change in the mining operation controlled by joint ventures as well as lower iron ore prices applied to the financial results.
  - Coal mining operations in Australia reported a decline of ¥4.7 billion due to higher operational costs caused by the change in mining plans.
- Profit (loss) of equity method investments declined mainly due to the following factors:
  - Valepar S.A. declined by ¥11.6 billion due to the deconsolidation following the incorporation by Vale S.A. in the three month period ended September 30, 2017.
  - Inversiones Mineras Acrux SpA, a copper mining company in Chile, reported a decline of ¥3.9 billion mainly due to a reversal effect of impairment reversal for the previous period.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	15.4	15.5	(0.1)
Gross profit	31.8	31.2	+0.6
Profit (loss) of equity method investments	18.7	14.9	+3.8
Dividend income	2.0	1.3	+0.7
Selling, general and administrative expenses	(30.9)	(32.0)	+1.1
Others	(6.2)	0.1	(6.3)

- Profit (loss) of equity method investments increased mainly due to the following factor:
  - IPP businesses recorded an increase of ¥0.7 billion.
    - Mark-to-market valuation losses, such as those on long-term derivative contracts, were improved by ¥4.6 billion to ¥0.6 billion loss from a ¥5.2 billion loss for the previous period.

Chemicals Segment

(Billions of Yen)		Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent		9.7	6.3	+3.4
	Gross profit	36.3	33.6	+2.7
	Profit (loss) of equity method investments	4.0	2.0	+2.0
	Dividend income	1.1	1.0	+0.1
	Selling, general and administrative expenses	(24.9)	(24.6)	(0.3)
	Others	(6.8)	(5.7)	(1.1)

Energy Segment

(Billions of Yen)		Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent		17.1	16.3	+0.8
	Gross profit	35.3	27.5	+7.8
	Profit (loss) of equity method investments	7.1	5.6	+1.5
	Dividend income	11.1	7.6	+3.5
	Selling, general and administrative expenses	(11.7)	(11.6)	(0.1)
	Others	(24.7)	(12.8)	(11.9)

- Gross profit increased mainly due to the following factors:
  - Mitsui Oil Exploration Co., Ltd. recorded an increase of ¥8.3 billion mainly due to an increase in the oil and gas prices and a decrease in costs.
  - Westport Petroleum LLC reported a decline of ¥3.4 billion as a mark-to-market valuation loss related to its derivative contract for the hedging transaction.
- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥10.7 billion in total, an increase of ¥3.6 billion from the previous period.
- In addition to the above, the following factor also affected results:
  - For the current period, exploration expenses of ¥0.8 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Ltd. For the previous period, exploration expenses of ¥3.1 billion in total were recorded, including those recorded by Mitsui Oil Exploration Co., Ltd.

Lifestyle Segment

(Billions of Yen)		Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent		17.5	6.4	+11.1
	Gross profit	39.0	34.4	+4.6
	Profit (loss) of equity method investments	6.1	6.8	(0.7)
	Dividend income	2.1	2.2	(0.1)
	Selling, general and administrative expenses	(36.9)	(37.6)	+0.7
	Others	7.2	0.6	+6.6

- Others include the following factor:
  - For the current period, Multigrain Trading AG recorded a gain of ¥11.6 billion on reversal of the provision for the withdrawal from the business recognized in the previous year.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	10.9	5.8	+5.1
Gross profit	23.2	12.6	+10.6
Profit (loss) of equity method investments	1.8	2.0	(0.2)
Dividend income	2.5	2.3	+0.2
Selling, general and administrative expenses	(13.1)	(14.2)	+1.1
Others	(3.5)	3.1	(6.6)

- Gross profit increased mainly due to the following factor:
  - For the current period, a ¥5.6 billion gain was recorded due to the valuation and sales of shares in Mercari, Inc.
- In addition to the above, the following factor also affected results:
  - For the previous period, a gain on the sales of warehouses in Japan was recorded.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of yen)	June 30, 2018	March 31, 2018	Change
Total Assets	11,379.5	11,306.7	+72.8
Current Assets	4,037.1	4,226.2	(189.1)
Non-current Assets	7,342.4	7,080.5	+261.9
Current Liabilities	2,645.7	2,698.8	(53.1)
Non-current Liabilities	4,427.0	4,389.8	+37.2
Net Interest-bearing Debt	*3,183.7*	*3,089.2*	*+94.5*
Total Equity Attributable to Owners of the Parent	4,056.3	3,974.7	+81.6
Net Debt-to-Equity Ratio (times)	0.78	0.78	0.00

Assets

Current Assets:

- Cash and cash equivalents declined by ¥66.1 billion.
- Advance payments to suppliers declined by ¥62.3 billion, mainly due to netting against advances from customers.
- Assets held for sale, which were expected to be transferred from Mitsui and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION and presented as a single line item as of March 31, 2018, declined by ¥108.9 billion due to completing the transfer in this period.

Non-current Assets:

- Investments accounted for using the equity method increased by ¥129.1 billion, mainly due to the following factors:
  - An increase of ¥38.0 billion due to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION and reclassification to investments accounted for using the equity method corresponding to the additional acquisition;
  - An increase of ¥21.9 billion due to an investment in ETC Group, which engages in businesses involving agricultural products, agricultural supplies, and food manufacturing and sales in East Africa;

  - An increase due to an investment in MAERSK PRODUCT TANKERS A/S, a product tanker company (vessel owning);
  - An increase due to an investment in Inversiones Mitta, the holding company for Chile's leading automobile operating lease and rental car business;
  - An increase of ¥10.1 billion due to an additional acquisition of a stake in Axiata (Cambodia) Holdings Limited, the holding company for Smart Axiata Co., Ltd which is a telecommunication service provider in Cambodia; and
  - An increase of ¥58.4 billion corresponding to the profit of equity method investments for the current year, despite a decline of ¥60.7 billion due to dividends received from equity accounted investees.
- Other investments increased by ¥36.9 billion, mainly due to the following factors:
  - Fair value on financial assets measured at FVTOCI increased by ¥46.5 billion mainly due to higher share prices;
  - An increase of ¥17.4 billion resulting from foreign currency exchange fluctuations; and
  - A decline of ¥29.9 billion due to reclassification to investments accounted for using the equity method corresponding to an additional acquisition of shares in NIPPON STEEL & SUMIKIN BUSSAN CORPORATION.
- Property, plant and equipment increased by ¥92.2 billion, mainly due to the following factors:
  - An increase of ¥74.1 billion (including the consolidation of AWE Limited, oil and gas company in Australia, of ¥56.5 billion and foreign exchange translation profit of ¥9.5 billion) at oil and gas operations other than U.S. shale gas and oil producing operations.

<u>Liabilities</u>

Current Liabilities:

- Advances from customers declined by ¥63.9 billion, corresponding to netting against advance payments to suppliers.
- Liabilities directly associated with assets held for sale, which were expected to be transferred from Mitsui and Mitsui & Co. Steel Ltd. to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION and presented as a single line item as of March 31, 2018, declined by ¥40.3 billion due to completing the transfer in the current period.

Non-current Liabilities:

- Long-term debt, less the current portion, increased by ¥26.1 billion, mainly reflecting the appreciation of the U.S. dollar against the Japanese yen.
- Provisions kept the same level as on March 31, 2018, mainly due to an increase caused by the consolidation of AWE Limited, an oil and gas company in Australia, and a decline caused by the recognition of a reversal of a provision related to the Multigrain business.
- Deferred tax liabilities increased by ¥21.0 billion, mainly due to the increase in financial assets measured at FVTOCI corresponding to higher share prices.

<u>Total Equity Attributable to Owners of the Parent</u>

- Retained earnings declined by ¥43.3 billion.
- Other components of equity increased by ¥28.1 billion, mainly due to the following factors:
  - Financial assets measured at FVTOCI increased by ¥31.0 billion, mainly due to higher share prices; and
  - Foreign currency translation adjustments declined by ¥11.4 billion, mainly reflecting the depreciation of the Brazilian real, despite the appreciation of the U.S. dollar against the Japanese yen.
- Treasury stock which is a subtraction item in shareholders' equity declined by ¥96.5 billion, due to the cancellation of treasury stock.

2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	134.6	202.8	(68.2)
Cash flows from investing activities	(100.6)	(20.6)	(80.0)
Free cash flow	34.0	182.2	(148.2)
Cash flows from financing activities	(105.0)	(103.9)	(1.1)
Effect of exchange rate changes on cash and cash equivalents etc.	5.0	1.2	+3.8
Change in cash and cash equivalents	(66.1)	79.4	(145.5)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	134.6	202.8	(68.2)
Cash flows from change in working capital	b	(19.9)	47.4	(67.3)
Core operating cash flow	a-b	154.5	155.4	(0.9)

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current year was ¥19.9 billion of net cash outflow. Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease in working capital, for the current period amounted to ¥154.5 billion.
  - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥75.1 billion, a decline of ¥0.7 billion from ¥75.8 billion for the previous period.
  - Depreciation and amortization for the current period was ¥43.6 billion, a decline of ¥3.9 billion from ¥47.5 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	0.6	6.2	(5.6)
Mineral & Metal Resources	48.3	70.4	(22.1)
Machinery & Infrastructure	21.2	20.1	+1.1
Chemicals	15.2	11.8	+3.4
Energy	52.9	44.0	+8.9
Lifestyle	8.8	1.7	+7.1
Innovation & Corporate Development	13.6	1.0	+12.6
All Other and Adjustments and Eliminations	(6.1)	0.2	(6.3)
Consolidated Total	154.5	155.4	(0.9)

Cash Flows from Investing Activities

- Net cash outflows that corresponded to investments in equity accounted investees (net of sales of investments in equity accounted investees) were ¥75.5 billion, mainly due to the following factors:
  - An investment in ETC Group, which engages in businesses involving agricultural products, agricultural supplies, and food manufacturing and sales in East Africa, for ¥21.9 billion;
  - An investment in MAERSK PRODUCT TANKERS A/S, a product tanker company (vessel owning);
  - An investment in Inversiones Mitta, the holding company for Chile’s leading automobile operating lease and rental car business; and
  - An additional acquisition of a stake in Axiata (Cambodia) Holdings Limited, the holding company

for Smart Axiata Co., Ltd which is a telecommunication service provider in Cambodia, for ¥10.1 billion.

- Net cash inflows that corresponded to other investments (net of sales and maturities of other investments) were ¥17.9 billion, mainly due to the following factors:
  - A transfer of the iron & steel products business to NIPPON STEEL & SUMIKIN BUSSAN CORPORATION for ¥64.4 billion; and
  - An acquisition of an oil and gas business in Australia for ¥48.2 billion.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥31.8 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 ¥21.5 billion; and
  - Net cash inflows for the lease transactions of ¥12.6 billion.

Cash Flows from Financing Activities

- Net cash inflows from net change in short-term debt were ¥10.6 billion and net cash outflows from net change in long-term debt were ¥47.7 billion.
- The cash outflow from payments of cash dividends was ¥69.5 billion.

(4) <u>Information Concerning Profit Forecast for the Year Ending March 31, 2019</u>

We maintain our profit forecast attributable to owners of the parent of ¥420.0 billion and core operating cash flow forecast of ¥570.0 billion for the year ending March 31, 2019, as announced together with the results of the year ended March 31, 2018. No updates have been made to these forecasts.

2. Other Information

Notice:

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

These risks, uncertainties and other factors include, among others, (1) economic downturns worldwide or at specific regions, (2) fluctuations in commodity prices, (3) fluctuations in exchange rates, (4) credit risks from clients with which Mitsui and its consolidated subsidiaries have business transactions or financial dealings and/or from various projects, (5) declines in the values of non-current assets, (6) changes in the financing environment, (7) declines in market value of equity and/or debt securities, (8) changes in the assessment for recoverability of deferred tax assets, (9) inability to successfully restructure or eliminate subsidiaries or associated companies as planned, (10) unsuccessful joint ventures and strategic investments, (11) risks of resource related businesses not developing in line with assumed costs and schedules and uncertainty in reserves and performance of third party operators, (12) loss of opportunities to enter new business areas due to limitations on business resources, (13) environmental laws and regulations, (14) changes in laws and regulations or unilateral changes in contractual terms by governmental entities, (15) employee misconduct, (16) failure to maintain adequate internal control over financial reporting, and (17) climate change and natural disaster. For further information on the above, please refer to Mitsui's Annual Securities Report.

Forward-looking statements may be included in Mitsui's Annual Securities Report and Quarterly Securities Reports or in its other disclosure documents, press releases or website disclosures. Mitsui undertakes no obligation to publicly update or revise any forward-looking statements.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

Assets	June 30, 2018	March 31, 2018
Current Assets:		
Cash and cash equivalents	¥ 1,065,323	¥ 1,131,380
Trade and other receivables	1,721,608	1,766,017
Other financial assets	297,317	243,915
Inventories	566,608	550,699
Advance payments to suppliers	244,999	307,339
Assets held for sale	-	108,920
Other current assets	141,200	117,886
Total current assets	4,037,055	4,226,156
Non-current Assets:		
Investments accounted for using the equity method	2,632,073	2,502,994
Other investments	1,861,900	1,825,026
Trade and other receivables	402,013	400,079
Other financial assets	141,676	153,149
Property, plant and equipment	1,822,062	1,729,897
Investment property	201,583	188,953
Intangible assets	170,797	173,207
Deferred tax assets	56,267	49,474
Other non-current assets	54,060	57,725
Total non-current assets	7,342,431	7,080,504
Total	¥ 11,379,486	¥ 11,306,660

(Millions of Yen)

Liabilities and Equity	June 30, 2018	March 31, 2018
Current Liabilities:		
Short-term debt	¥ 213,253	¥ 201,556
Current portion of long-term debt	479,243	482,550
Trade and other payables	1,286,559	1,264,285
Other financial liabilities	318,549	300,284
Income tax payables	68,702	62,546
Advances from customers	223,910	287,779
Provisions	16,199	28,036
Liabilities directly associated with assets held for sale	-	40,344
Other current liabilities	39,274	31,392
Total current liabilities	2,645,689	2,698,772
Non-current Liabilities:		
Long-term debt, less current portion	3,568,923	3,542,829
Other financial liabilities	94,530	103,162
Retirement benefit liabilities	49,627	50,872
Provisions	201,228	200,649
Deferred tax liabilities	487,991	467,003
Other non-current liabilities	24,709	25,250
Total non-current liabilities	4,427,008	4,389,765
Total liabilities	7,072,697	7,088,537
Equity:		
Common stock	341,482	341,482
Capital surplus	386,632	386,165
Retained earnings	2,860,084	2,903,432
Other components of equity	476,069	448,035
Treasury stock	(7,922)	(104,399)
Total equity attributable to owners of the parent	4,056,345	3,974,715
Non-controlling interests	250,444	243,408
Total equity	4,306,789	4,218,123
Total	¥ 11,379,486	¥ 11,306,660

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2017
Revenue:		
Sale of products	—	¥ 1,042,347
Rendering of services	—	103,058
Other revenue	—	36,255
Revenue	1,556,199	—
Total revenue	1,556,199	1,181,660
Cost:		
Cost of products sold	—	(923,331)
Cost of services rendered	—	(43,571)
Cost of other revenue	—	(15,366)
Cost	(1,337,750)	—
Total cost	(1,337,750)	(982,268)
Gross Profit	218,449	199,392
Other Income (Expenses):		
Selling, general and administrative expenses	(137,749)	(132,070)
Gain (loss) on securities and other investments—net	1,345	3,295
Impairment reversal (loss) of fixed assets—net	(984)	(1,282)
Gain (loss) on disposal or sales of fixed assets—net	6,862	6,461
Reversal of provision related to Multigrain business	11,083	—
Other income (expense)—net	(2,777)	4,758
Total other income (expenses)	(122,220)	(118,838)
Finance Income (Costs):		
Interest income	10,233	9,682
Dividend income	21,098	17,429
Interest expense	(18,960)	(16,053)
Total finance income (costs)	12,371	11,058
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	58,426	62,312
Profit before Income Taxes	167,026	153,924
Income Taxes	(41,011)	(37,391)
Profit for the Period	¥ 126,015	¥ 116,533
Profit for the Period Attributable to:		
Owners of the parent	¥ 118,414	¥ 110,756
Non-controlling interests	7,601	5,777

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2017
Profit for the Period	¥ 126,015	¥ 116,533
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	50,933	31,109
Remeasurements of defined benefit plans	709	(408)
Share of other comprehensive income of investments accounted for using the equity method	(47)	2,258
Income tax relating to items not reclassified	(13,846)	(10,679)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(23,911)	(11,269)
Cash flow hedges	186	(1,998)
Share of other comprehensive income of investments accounted for using the equity method	18,384	(2,917)
Income tax relating to items that may be reclassified	1,637	126
Total other comprehensive income	34,045	6,222
Comprehensive Income for the Period	¥ 160,060	¥ 122,755
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 154,421	¥ 117,397
Non-controlling interests	5,639	5,358

(3) Condensed Consolidated Statements of Changes in Equity

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2017	¥ 341,482	¥ 409,528	¥ 2,550,124	¥ 485,447	¥ (54,402)	¥ 3,732,179	¥ 257,983	¥ 3,990,162
Profit for the period			110,756			110,756	5,777	116,533
Other comprehensive income for the period				6,641		6,641	(419)	6,222
Comprehensive income for the period						117,397	5,358	122,755
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥30)			(52,922)			(52,922)		(52,922)
Dividends paid to non-controlling interest shareholders							(4,825)	(4,825)
Acquisition of treasury stock					(3)	(3)		(3)
Sales of treasury stock			(0)		0	0		0
Equity transactions with non-controlling interest shareholders		(561)		(22)		(583)	4,583	4,000
Transfer to retained earnings			2,823	(2,823)		–		–
Balance as at June 30, 2017	¥ 341,482	¥ 408,967	¥ 2,610,781	¥ 489,243	¥ (54,405)	¥ 3,796,068	¥ 263,099	¥ 4,059,167

(Millions of Yen)

	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Treasury Stock	Total		
Balance as at April 1, 2018	¥ 341,482	¥ 386,165	¥ 2,903,432	¥ 448,035	¥ (104,399)	¥ 3,974,715	¥ 243,408	¥ 4,218,123
Cumulative effect of changes in accounting policies			(3,535)			(3,535)		(3,535)
Balance as at April 1, 2018 after changes in accounting policies	341,482	386,165	2,899,897	448,035	(104,399)	3,971,180	243,408	4,214,588
Profit for the period			118,414			118,414	7,601	126,015
Other comprehensive income for the period				36,007		36,007	(1,962)	34,045
Comprehensive income for the period						154,421	5,639	160,060
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥40)			(69,516)			(69,516)		(69,516)
Dividends paid to non-controlling interest shareholders							(5,999)	(5,999)
Acquisition of treasury stock					(3)	(3)		(3)
Sales of treasury stock		(6)	(7)		13	0		0
Cancellation of treasury stock			(96,467)		96,467	–		–
Equity transactions with non-controlling interest shareholders		473		(210)		263	7,396	7,659
Transfer to retained earnings			7,763	(7,763)		–		–
Balance as at June 30, 2018	¥ 341,482	¥ 386,632	¥ 2,860,084	¥ 476,069	¥ (7,922)	¥ 4,056,345	¥ 250,444	¥ 4,306,789

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2017
Operating Activities:		
Profit for the period	¥ 126,015	¥ 116,533
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	43,573	47,462
Change in retirement benefit liabilities	637	344
Provision for doubtful receivables	2,604	2,177
Reversal of provision related to Multigrain business	(11,083)	—
(Gain) loss on securities and other investments—net	(1,345)	(3,295)
Impairment (reversal) loss of fixed assets—net	984	1,282
(Gain) loss on disposal or sales of fixed assets—net	(6,862)	(6,461)
Finance (income) costs	(11,098)	(9,220)
Income taxes	41,011	37,391
Share of (profit) loss of investments accounted for using the equity method	(58,426)	(62,312)
Valuation gain (loss) related to contingent considerations and others	4,135	—
Changes in operating assets and liabilities:		
Change in trade and other receivables	(27,098)	52,745
Change in inventories	(8,570)	(2,858)
Change in trade and other payables	32,698	(32,625)
Other—net	(16,880)	30,100
Interest received	8,834	7,840
Interest paid	(19,045)	(18,340)
Dividends received	75,071	75,797
Income taxes paid	(40,540)	(33,798)
Cash flows from operating activities	134,615	202,762
Investing Activities:		
Net change in time deposits	(5,873)	(1,945)
Net change in investments in equity accounted investees	(75,499)	(12,616)
Net change in other investments	17,893	(7,333)
Net change in loan receivables	5,009	23,031
Net change in property, plant and equipment	(31,764)	(16,923)
Net change in investment property	(10,359)	(4,796)
Cash flows from investing activities	(100,593)	(20,582)
Financing Activities:		
Net change in short-term debt	10,590	(18,764)
Net change in long-term debt	(47,708)	(33,879)
Purchases and sales of treasury stock	(3)	(3)
Dividends paid	(69,516)	(52,922)
Transactions with non-controlling interest shareholders	1,608	1,624
Cash flows from financing activities	(105,029)	(103,944)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,950	1,179
Change in Cash and Cash Equivalents	(66,057)	79,415
Cash and Cash Equivalents at Beginning of Period	1,131,380	1,503,820
Cash and Cash Equivalents at End of Period	¥ 1,065,323	¥ 1,583,235

(5) Assumption for Going Concern: None

(6) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in Accounting Policies

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended June 30, 2018 are the same as those applied in the Consolidated Financial Statements of the previous fiscal year except for the following.

The companies applied the following new standards for the Condensed Consolidated Financial Statements from April 1, 2018.

IFRS	Title	Summaries
IFRS9	Financial Instruments (amended in July 2014)	Implementation of expected credit loss model for the recognition of impairment losses of financial instruments
IFRS15	Revenue from Contracts with Customers	Accounting for recognizing revenue from contracts with customers

In adopting IFRS 9, the retrospective restatement of the comparative information has not been applied in accordance with the transitional arrangements. Impacts of the application of IFRS 9 on the Condensed Consolidated Financial Statements are immaterial.

In adopting IFRS 15, the cumulative effects due to the adoption were recognized on the commencement date of adoption in accordance with the transitional arrangements, however, impacts of the application of IFRS 15 on the Condensed Consolidated Financial Statements are immaterial except for followings.

In accordance with IFRS 15, after the consideration for recognition of revenue whether the entity is involved in providing goods or services specified by a contract as a principal or as an agent, recognition of revenue for certain transactions has been changed from the net amount to the gross amount. As a result, revenue and cost increased by ¥385,014 million in the Condensed Consolidated Financial Statement of Income for the three-month ended June 30, 2018 when compared to the figures under the former accounting standards.

"Sales of products", "Rendering of services" and "Other revenue", and "Cost of products sold", "Cost of service rendered" and "Cost of other revenue" were separately presented on prior Condensed Consolidated Financial Statement of Income. Since the three-month period ended June 30, 2018, their line of items are presented single line of items as "Revenue" and "Cost", respectively.

As a result of the adoption of IFRS 9 and IFRS 15, the balance of retained earnings as of April 1, 2018 decreased by ¥2,857 million and ¥678 million, respectively. These impacts are included under Cumulative effect of changes in accounting policies in the Condensed Consolidated Statement of Changes in Equity for the three-month ended June 30, 2018.

2) Changes in Accounting Estimates

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

(Provision)

As for Multigrain Trading AG which is our consolidated subsidiary and engaged in origination and merchandising of agricultural products in Brazil, gains of ¥11,083 million have been recognized for the three-month period ended June 30, 2018 as reversal of provisions related to the export business due to termination of the relevant contracts.

(7) Segment Information

Three-month period ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	48,550	246,738	193,206	391,183	172,131	458,310	44,951	1,555,069	1,130	1,556,199
Gross Profit	6,805	45,761	31,778	36,256	35,349	38,986	23,228	218,163	286	218,449
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	7,168	13,980	18,655	3,980	7,139	6,108	1,820	58,850	(424)	58,426
Profit for the Period Attributable to Owners of the parent	6,779	39,722	15,449	9,735	17,058	17,501	10,886	117,130	1,284	118,414
Core Operating Cash Flow	606	48,325	21,182	15,175	52,928	8,844	13,581	160,641	(6,176)	154,465
Total Assets at June 30, 2018	608,865	2,253,346	2,273,830	1,236,640	2,237,900	2,032,722	697,690	11,340,993	38,493	11,379,486

Three-month period ended June 30, 2017 (from April 1, 2017 to June 30, 2017) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	65,338	218,482	108,024	274,189	122,560	369,753	30,191	1,188,537	(6,877)	1,181,660
Gross Profit	12,650	56,897	31,236	33,552	27,522	34,350	12,596	208,803	(9,411)	199,392
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	4,123	27,029	14,886	2,012	5,606	6,833	2,035	62,524	(212)	62,312
Profit for the Period Attributable to Owners of the parent	6,870	54,378	15,474	6,258	16,324	6,410	5,815	111,529	(773)	110,756
Core Operating Cash Flow	6,194	70,360	20,108	11,787	44,022	1,736	975	155,182	218	155,400
Total Assets at March 31, 2018	680,257	2,260,050	2,364,616	1,228,773	2,083,766	1,987,306	662,192	11,266,960	39,700	11,306,660

Notes:1. “Others / Adjustments and Eliminations” includes of the Corporate Staff Unit which provides financing services and operational services to the companies and affiliated companies. Total assets of “Others / Adjustments and Eliminations” at March 31, 2018 and June 30, 2018 includes cash, cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above servi ces amounting to ¥ 6,506,907 million and ¥ 6,419,620 million, respectively.

2. Transfers between reportable segments are made at cost plus a markup.
3. Profit for the Period Attributable to Owners of the parent of “Others / Adjustments and Eliminations” includes in come and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
4. Total assets of “Others / Adjustments and Eliminations” at March 31, 2018 and June 30, 2018 includes elimination of receivables and payables between segments amounting to ¥ 6,467,207 million and ¥ 6,381,127 million, respectively.
5. Core Operating Cash Flow is calculated by eliminating the sum of the “Changes in Operating Assets and Liabilities ” from “Cash Flows from Operating Activities” as presented in the Condensed Consolidated Statements of Cash Flows.
6. Since the three-month period ended June 30, 2018, "All Other" and "Adjustments and Eliminations", which were reported individually are aggregated to "Others / Adjustments and Eliminations" since they are not material except for Total Assets. The amount of Total Assets are stated in Notes 1 and Notes 4. As a result of this change, "All Other" and "Adjustments and Eliminations" for the three-month period ended June 30, 2017 has been restated to conform to the current period presentation.
7. Since the three-month period ended June 30, 2018, due to implementation of the new consolidated accounting system, the elimination of intercompany receivables and payables was refined and Total Assets at March 31, 2018 has been restated to conform to the current period presentation.