

Consolidated Financial Results for the Three-Month Period Ended June 30, 2020 [IFRS]

Tokyo, July 31, 2020 - Mitsui & Co., Ltd. announced its consolidated financial results for the three-month period ended June 30, 2020, based on International Financial Reporting Standards ("IFRS").

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

President and Chief Executive Officer : Tatsuo Yasunaga
Investor Relations Contacts : Masaya Inamuro, Investor Relations Division TEL 81-3-3285-1111

1. Consolidated financial results

(1) Consolidated operating results information for the three-month period ended June 30, 2020
(from April 1, 2020 to June 30, 2020)

		Three-month period ended June 30,			
		2020		2019	
			%		%
Revenue	Millions of yen	1,521,768	△6.8	1,633,120	4.9
Profit before income taxes	Millions of yen	101,990	△40.8	172,403	3.2
Profit for the period	Millions of yen	66,663	△50.6	134,884	7.0
Profit for the period attributable to owners of the parent	Millions of yen	62,557	△50.0	125,036	5.6
Comprehensive income for the period	Millions of yen	172,237	447.1	31,479	△80.3
Earnings per share attributable to owners of the parent, basic	Yen	36.92		71.94	
Earnings per share attributable to owners of the parent, diluted	Yen	36.90		71.88	

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, 2020	March 31, 2020
Total assets	Millions of yen	11,486,047	11,806,292
Total equity	Millions of yen	4,124,189	4,060,932
Total equity attributable to owners of the parent	Millions of yen	3,870,727	3,817,677
Equity attributable to owners of the parent ratio	%	33.7	32.3

2. Dividend information

		Year ended March 31,		Year ending March 31, 2021 (Forecast)
		2021	2020	
Interim dividend per share	Yen		40	40
Year-end dividend per share	Yen		40	40
Annual dividend per share	Yen		80	80

Note :

Change from the latest released dividend forecast: None

3. Forecast of consolidated operating results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

		Year ending March 31, 2021
Profit attributable to owners of the parent	Millions of yen	180,000
Earnings per share attributable to owners of the parent, basic	Yen	106.74

Note :

Change from the latest released earnings forecast: None

4. Others

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

(2) Changes in accounting policies and accounting estimate :

- (i) Changes in accounting policies required by IFRS Yes
- (ii) Other changes None
- (iii) Changes in accounting estimates None

Note :

For further details please refer to page 17 "3. Condensed Consolidated Financial Statements (6) Changes in Accounting Policies".

(3) Number of shares :

	June 30, 2020	March 31, 2020
Number of shares of common stock issued, including treasury stock	1,716,720,206	1,742,684,906
Number of shares of treasury stock	33,975,077	35,184,567

	Three-month period ended June 30, 2020	Three-month period ended June 30, 2019
Average number of shares of common stock outstanding	1,694,434,804	1,738,073,023

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 11.

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 July 31, 2020.

Contents of the meeting (English and Japanese) will be posted on our web site immediately after the meeting.

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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, 2020, despite signs of improvement in China, the global economy experienced a rapid drop in internal and external demand and the growth rate decreased significantly due to the spread of infections of COVID-19 in major developed countries, such as the U.S., and emerging and developing countries excluding China. However, the global economy appears to have made it out of its worst period and be moving toward recovery as the economy has bottomed out with the resumption of economic activities.

In the U.S., consumer spending, which took a major hit due to the lockdown at the start of the period, showed signs of bottoming out due to the subsequent resumption of economic activities, economic measures, etc., and employment is gradually improving. On the other hand, there appears to be a second wave of infections and there are concerns over its impact. In Europe, although economic activities have resumed due to the easing of restrictions against going outside and the effects of economic measures are gradually appearing, the situation seems to be improving at a sluggish pace. In Japan, consumer spending has bottomed out due to the lifting of the state of emergency and economic measures and the economy is expected to improve in the future. However, the pace of improvement is likely to be gradual. In emerging countries, manufacturing activities in China continue to resume, and the economy is recovering with signs of a pickup in consumption and investments. On the other hand, there are concerns regarding the economic outlook of Russia and Brazil as they are suffering from a fall in the price of crude oil, and Brazil in particular is experiencing a serious outbreak of infections.

Considering that COVID-19 continues to spread depending on the country and region, careful attention should be given to the possibility that the global economy may deteriorate again.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

(Billions of Yen)		Current Period	Previous Period	Change
Revenue		1,521.8	1,633.1	(111.3)
Gross profit		189.7	209.2	(19.5)
Selling, general and administrative expenses		(134.7)	(141.2)	+6.5
Other Income (Expenses)	Gain (Loss) on Securities and Other Investments—Net	8.4	6.3	+2.1
	Impairment Reversal (Loss) of Fixed Assets—Net	(0.3)	(1.7)	+1.4
	Gain (Loss) on Disposal or Sales of Fixed Assets—Net	(0.1)	1.4	(1.5)
	Other Income (Expense)—Net	0.3	7.8	(7.5)
Finance Income (Costs)	Interest Income	6.2	11.2	(5.0)
	Dividend Income	13.9	24.8	(10.9)
	Interest Expense	(15.4)	(23.8)	+8.4
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		34.0	78.5	(44.5)
Income Taxes		(35.3)	(37.5)	+2.2
Profit for the Period		66.7	134.9	(68.2)
Profit for the Period Attributable to Owners of the Parent		62.6	125.0	(62.4)

* 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, 2020 (“current period”) was ¥1,521.8 billion, a decline of ¥111.3 billion from the corresponding three-month period of the previous year (“previous period”).

Gross Profit

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

Selling, general and administrative expenses

The Mineral & Metal Resources Segment recorded an increase while overall, selling, general and administrative expenses decreased ¥6.5 billion from previous period.

Other Income (Expenses)

Gain (Loss) on Securities and Other Investments—Net

For the current period, a gain on sale of securities was recorded in the Machinery & Infrastructure Segment.

Other Income (Expense)—Net

For the current period, the Energy segment recorded derivative related profits and foreign exchange related profits. Also, the Chemicals Segment recorded insurance proceeds in the business in North America. For the previous period, the Innovation & Corporate Development Segment recorded a valuation profit on a derivative in relation to a put option of an investment.

Finance Income (Costs)*Dividend Income*

Mainly the Energy Segment recorded a decrease.

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

Mainly the Energy Segment, the Machinery & Infrastructure Segment, the Lifestyle Segment and the Iron and Steel Products Segment recorded a decline.

Income Taxes

Income taxes for the current period were ¥35.3 billion, a decline of ¥2.2 billion from ¥37.5 billion for the previous period. The effective tax rate for the current period was 34.6%, an increase of 12.8 points from 21.8% for the previous period. The major factors for the increase were an increase of a valuation allowance against a deferred tax asset and an increase in the tax burden due to resource-related high rate taxes in the Energy segment.

Profit for the Period Attributable to Owners of the Parent

Impacts caused by a decrease in demand and a fluctuation in commodity price due to the spread of COVID-19 were included. As a result, profit for the period attributable to owners of the parent was ¥62.6 billion, a decline of ¥62.4 billion from the previous period.

2) Operating Results by Operating Segment

The business of the infrastructure of next-generation electric power, which was a part of the Machinery & Infrastructure Segment was transferred to the Energy Segment, effective April 1, 2020. In accordance with the aforementioned changes, the operating segment information for the previous period has been restated to conform to the current period presentation.

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(1.3)	1.5	(2.8)
Gross profit	5.4	6.4	(1.0)
Profit (loss) of equity method investments	(1.9)	2.9	(4.8)
Dividend income	0.7	1.0	(0.3)
Selling, general and administrative expenses	(5.6)	(6.7)	+1.1
Others	0.1	(2.1)	+2.2

- Profit (loss) of equity method investments decreased mainly due to the following factor:
 - For the current period, associated companies, which process and sell automotive steel products, reported a decrease of profit mainly due to the lower operating time and slow sales caused by a decline in demand for steel product, and the impact of foreign exchange fluctuations.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	32.2	49.0	(16.8)
Gross profit	50.3	61.8	(11.5)
Profit (loss) of equity method investments	13.4	16.3	(2.9)
Dividend income	2.5	2.2	+0.3
Selling, general and administrative expenses	(10.4)	(8.1)	(2.3)
Others	(23.6)	(23.2)	(0.4)

- Gross profit declined mainly due to the following factor:
 - Coal mining operations in Australia reported a decline of ¥13.9 billion mainly due to lower coal sales prices.
- Selling, general and administrative expenses increased mainly due to the following factor:
 - For the current period, an impairment loss of ¥4.1 billion for doubtful debt was posted, reflecting the revisions to our various assumptions regarding the Moatize mine business in Mozambique.

Energy Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	3.5	40.4	(36.9)
Gross profit	25.6	34.3	(8.7)
Profit (loss) of equity method investments	5.7	22.1	(16.4)
Dividend income	2.1	12.9	(10.8)
Selling, general and administrative expenses	(11.1)	(11.0)	(0.1)
Others	(18.8)	(17.9)	(0.9)

- Gross profit declined mainly due to the following factors:
 - Mitsui Oil Exploration Co., Ltd. reported a decrease of ¥16.0 billion mainly due to lower oil and gas prices and decrease in production.
 - Mitsui E&P USA LLC reported a decrease of ¥3.4 billion mainly due to lower gas prices.
 - Business division at the Headquarters reported an increase due to good performance in the LNG trading business.
- Profit (loss) of equity method investment declined mainly due to the following factors:
 - Mitsui E&P Mozambique Area 1 Limited reported a decrease of ¥11.9 billion due to the recognition of deferred tax assets, in accordance with the Final Investment Decision for the project for the previous period.
 - Japan Australia LNG (MIMI) Pty. Ltd. reported a decrease mainly due to lower oil and gas prices.
- Dividends from six LNG projects (Qatargas 1, Oman, Qatargas 3, Sakhalin II, Abu Dhabi and Equatorial Guinea) were ¥2.1 billion in total, a decrease of ¥10.3 billion from the previous period.
- In addition to the above, the following factor also affected results:
 - Mitsui Oil Exploration Co., Ltd. reported an increase of ¥5.1 billion due to derivative related profits at its overseas subsidiary and foreign exchange related profits.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	18.5	17.3	+1.2
Gross profit	26.7	30.1	(3.4)
Profit (loss) of equity method investments	17.3	25.8	(8.5)
Dividend income	1.6	1.7	(0.1)
Selling, general and administrative expenses	(29.2)	(31.7)	+2.5
Others	2.1	(8.6)	+10.7

- Profit (loss) of equity method investments declined mainly due to the following factor:
 - For the previous period, investments in gas distribution companies in Brazil recorded a profit reflecting the refund of service tax payments through arbitrations.
- In addition to the above, the following factor also affected results:
 - For the current period, a gain on sale of IPP business in North America was recorded.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	6.3	4.1	+2.2
Gross profit	29.9	31.8	(1.9)
Profit (loss) of equity method investments	0.9	3.5	(2.6)
Dividend income	1.1	1.4	(0.3)
Selling, general and administrative expenses	(23.4)	(25.8)	+2.4
Others	(2.2)	(6.8)	+4.6

- Others include the following factor:
 - For the current period, insurance proceeds were recorded in the business in North America.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	(5.6)	7.6	(13.2)
Gross profit	27.8	36.6	(8.8)
Profit (loss) of equity method investments	(3.8)	4.5	(8.3)
Dividend income	2.2	2.3	(0.1)
Selling, general and administrative expenses	(31.7)	(36.4)	+4.7
Others	(0.1)	0.6	(0.7)

- Gross profit declined mainly due to the following factor:
 - For the current period, subsidiaries, whose businesses are fashion, food and distribution, reported a decrease of profit due to the closure of stores and decrease in demand for commercial ingredients for the food service industry caused by the state of emergency and curfew.
- Profit (loss) of equity method investment declined mainly due to the following factor:
 - For the current period, associated companies, whose businesses are food, fashion and services, reported a decrease of profit due to curfew and self-restraint.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
Profit for the period attributable to owners of the parent	10.5	2.1	+8.4
Gross profit	23.2	8.4	+14.8
Profit (loss) of equity method investments	2.3	3.5	(1.2)
Dividend income	3.1	2.5	+0.6
Selling, general and administrative expenses	(16.1)	(16.5)	+0.4
Others	(2.0)	4.2	(6.2)

- Gross profit increased mainly due to the following factors:
 - For the previous period, ¥4.6 billion loss was recorded due to the valuation of fair value on shares in Hutchison China MediTech Ltd., while for the current period ¥4.1 billion gain was recorded due to the valuation of fair value on shares.
 - For the current period, an increase of ¥4.3 billion was recorded mainly due to good results of energy trading in Mitsui Bussan Commodities Ltd.
- In addition to the above, the following factor also affected results:
 - For the previous period, a valuation profit on the derivative of ¥3.9 billion was recorded in relation to a put option of an investment.

(3) Financial Condition and Cash Flows

1) Financial Condition

(Billions of yen)	June 30, 2020	March 31, 2020	Change
Total Assets	11,486.0	11,806.3	(320.3)
Current Assets	3,768.1	4,124.4	(356.3)
Non-current Assets	7,717.9	7,681.9	+36.0
Current Liabilities	2,342.5	2,701.1	(358.6)
Non-current Liabilities	5,019.4	5,044.3	(24.9)
<i>Net Interest-bearing Debt</i>	3,534.9	3,486.7	+48.2
Total Equity Attributable to Owners of the Parent	3,870.7	3,817.7	+53.0
Net Debt-to-Equity Ratio (times)	0.91	0.91	0.00

Assets

Current Assets:

- Cash and cash equivalents declined by ¥17.3 billion.
- Trade and other receivables declined by ¥162.4 billion, mainly due to lower market prices and decreases in trading volume in the Energy Segment and the Chemicals Segment.
- Other financial assets declined by ¥137.7 billion, mainly due to market volatility and decreases in trading volume of derivative trading in the Energy Segment and the Innovation & Corporate Development Segment.

Non-current Assets:

- Investments accounted for using the equity method declined by ¥54.6 billion, mainly due to the following factors:
 - An increase of ¥34.0 billion corresponding to the profit of equity method investments for the current period, despite a decline of ¥59.0 billion due to dividends received from equity accounted investees; and
 - A decline due to a fair value valuation of shares in Arctic LNG 2 Project in Russia through Japan Arctic LNG.
- Other investments increased by ¥92.4 billion, mainly due to the following factor:
 - Mainly as a result of higher share prices, fair value on financial assets measured at FVTOCI increased by ¥97.1 billion.
- Property, plant and equipment increased by ¥30.7 billion, mainly due to the following factors:
 - An increase of ¥40.5 billion (including foreign exchange translation profit of ¥32.3 billion) at iron ore mining operations in Australia; and
 - A decline of ¥14.7 billion (including foreign exchange translation loss of ¥1.7 billion) at the oil and gas projects other than the U.S. shale gas and oil projects

Liabilities

Current Liabilities:

- Current portion of long-term debt increased by ¥36.2 billion, mainly due to a reclassification to current maturities.
- Trade and other payables declined by ¥111.4 billion, corresponding to the decline in trade and other receivables.
- Other financial liabilities declined by ¥277.4 billion, mainly due to corresponding decline in other financial assets, payments on account payable-other at the integrated development project in the 2, Otemachi 1-Chome District and decreases in the precious metal lease business in the Innovation & Corporate Development Segment.

Non-current Liabilities:

- Long-term debt, less the current portion, declined by ¥27.6 billion.

Total Equity Attributable to Owners of the Parent

- Retained earnings decreased by ¥51.8 billion.
- Other components of equity increased by ¥97.0 billion, mainly due to the following factors:
 - Financial assets measured at FVTOCI increased by ¥70.0 billion; and
 - Foreign currency translation adjustments increased by ¥58.9 billion, mainly reflecting the appreciation of the Australian dollar against the Japanese Yen, despite the depreciation of the U.S. dollar and the Brazilian real.
- Treasury stock which is a subtraction item in shareholders' equity decreased by ¥7.7 billion, mainly due to the cancellation of the stock for ¥46.7 billion, despite share buy-back for ¥39.1 billion.

2) Cash Flows

(Billions of yen)	Current Period	Previous Period	Change
Cash flows from operating activities	164.0	127.9	+36.1
Cash flows from investing activities	(108.5)	(110.5)	+2.0
Free cash flow	55.5	17.4	+38.1
Cash flows from financing activities	(88.2)	22.1	(110.3)
Effect of exchange rate changes on cash and cash equivalents etc.	15.4	(7.9)	+23.3
Change in cash and cash equivalents	(17.3)	31.6	(48.9)

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	164.0	127.9	+36.1
Cash flows from change in working capital	b	37.4	(28.0)	+65.4
Repayments of lease liabilities	c	(15.8)	(13.5)	(2.3)
Core operating cash flow	a-b+c	110.8	142.4	(31.6)

- Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥37.4 billion of net cash inflow. Repayments of lease liabilities for the current period was ¥15.8 billion of cash outflow. Core operating cash flow, cash flows from operating activities without both net cash from an increase or a decrease in working capital and repayments of lease liabilities, for the current period amounted to ¥110.8 billion. From current period, in order to reflect a regular cash generation output from operating activities more appropriately, repayments of lease liabilities have been deducted. In conformity with this change, Core operating cash flow for the previous period has been restated.
 - Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥49.3 billion, a decline of ¥26.4 billion from ¥75.7 billion for the previous period.
 - Depreciation and amortization for the current period was ¥63.0 billion, an increase of ¥2.5 billion from ¥60.5 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	1.6	0.2	+1.4
Mineral & Metal Resources	41.9	57.7	(15.8)
Energy	36.4	58.7	(22.3)
Machinery & Infrastructure	12.9	18.2	(5.3)
Chemicals	15.7	6.5	+9.2
Lifestyle	3.6	7.4	(3.8)
Innovation & Corporate Development	12.7	(2.1)	+14.8
All Other and Adjustments and Eliminations	(14.0)	(4.2)	(9.8)
Consolidated Total	110.8	142.4	(31.6)

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 ¥2.2 billion, though there was a sale of IPP business in North America as a main cash inflow factor.
- Net cash outflows that corresponded to purchases of property, plant, and equipment (net of sales of those assets) were ¥78.8 billion, mainly due to the following factors:
 - An expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥36.6 billion; and
 - An expenditure for iron ore mining operations in Australia for ¥11.1 billion.
- Net cash outflows that corresponded to purchases of investment property (net of sales of those assets) were ¥34.6 billion, mainly due to an expenditure for the integrated development project in the 2, Otemachi 1-Chome District for ¥30.6 billion.

Cash Flows from Financing Activities

- Net cash inflows from net change in short-term debt were ¥2.6 billion, net cash inflows from net change in long-term debt were ¥32.6 billion, and cash outflow from repayments of lease liabilities were ¥15.8 billion.
- The cash outflow from the purchases of treasury stock was ¥39.1 billion.
- The cash outflow from payments of cash dividends was ¥68.3 billion.

(4) Information Concerning Profit Forecast for the Year Ending March 31, 2021

We maintain our profit forecast attributable to owners of the parent of ¥180.0 billion and core operating cash flow forecast of ¥400.0 billion for the year ending March 31, 2021, as announced together with the results of the year ended March 31, 2020. 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 important risks, uncertainties and other factors include, among others, (1)risk of COVID-19, (2)business investment risks, (3)country risks, (4)risks regarding climate changes, (5)commodity market risks, (6)foreign currency risks, (7)stock price risks of listed stock Mitsui and its subsidiaries hold, (8)credit risks, (9)risks regarding fund procurement, (10)operational risks, (11)risks regarding employee's compliance with laws, regulations, and internal policies, (12)risks regarding information systems and information securities, (13)risks relating to natural disasters, terrorists and violent groups. 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, 2020	March 31, 2020
Current Assets:		
Cash and cash equivalents	¥ 1,041,388	¥ 1,058,733
Trade and other receivables	1,460,096	1,622,501
Other financial assets	425,171	562,899
Inventories	533,957	553,861
Advance payments to suppliers	156,385	167,250
Other current assets	151,129	159,175
Total current assets	3,768,126	4,124,419
Non-current Assets:		
Investments accounted for using the equity method	2,826,363	2,880,958
Other investments	1,576,752	1,484,422
Trade and other receivables	411,076	422,423
Other financial assets	169,255	186,010
Property, plant and equipment	2,152,059	2,121,371
Investment property	259,849	251,838
Intangible assets	192,732	195,289
Deferred tax assets	51,538	58,908
Other non-current assets	78,297	80,654
Total non-current assets	7,717,921	7,681,873
Total	¥ 11,486,047	¥ 11,806,292

(Millions of Yen)

Liabilities and Equity		
	June 30, 2020	March 31, 2020
Current Liabilities:		
Short-term debt	¥ 303,173	¥ 297,458
Current portion of long-term debt	436,097	399,904
Trade and other payables	1,025,096	1,136,504
Other financial liabilities	349,604	626,963
Income tax payables	48,760	46,206
Advances from customers	109,435	133,247
Provisions	26,420	25,844
Other current liabilities	43,909	34,984
Total current liabilities	2,342,494	2,701,110
Non-current Liabilities:		
Long-term debt, less current portion	4,201,551	4,229,218
Other financial liabilities	96,995	105,279
Retirement benefit liabilities	41,186	39,956
Provisions	230,189	228,173
Deferred tax liabilities	421,113	412,971
Other non-current liabilities	28,330	28,653
Total non-current liabilities	5,019,364	5,044,250
Total liabilities	7,361,858	7,745,360
Equity:		
Common stock	341,776	341,776
Capital surplus	402,742	402,652
Retained earnings	3,310,530	3,362,297
Other components of equity	(126,877)	(223,910)
Treasury stock	(57,444)	(65,138)
Total equity attributable to owners of the parent	3,870,727	3,817,677
Non-controlling interests	253,462	243,255
Total equity	4,124,189	4,060,932
Total	¥ 11,486,047	¥ 11,806,292

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	Three-month period ended June 30, 2020	Three-month period ended June 30, 2019
Revenue	¥ 1,521,768	¥ 1,633,120
Cost	(1,332,061)	(1,423,889)
Gross Profit	189,707	209,231
Other Income (Expenses):		
Selling, general and administrative expenses	(134,708)	(141,243)
Gain (loss) on securities and other investments — net	8,427	6,310
Impairment reversal (loss) of fixed assets — net	(305)	(1,695)
Gain (loss) on disposal or sales of fixed assets — net	(97)	1,366
Other income (expense) — net	282	7,772
Total other income (expenses)	(126,401)	(127,490)
Finance Income (Costs):		
Interest income	6,218	11,183
Dividend income	13,896	24,766
Interest expense	(15,433)	(23,760)
Total finance income (costs)	4,681	12,189
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	34,003	78,473
Profit before Income Taxes	101,990	172,403
Income Taxes	(35,327)	(37,519)
Profit for the Period	¥ 66,663	¥ 134,884
Profit for the Period Attributable to:		
Owners of the parent	¥ 62,557	¥ 125,036
Non-controlling interests	4,106	9,848

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three-month period ended June 30, 2020	Three-month period ended June 30, 2019
Profit for the Period	¥ 66,663	¥ 134,884
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	97,758	21,468
Remeasurements of defined benefit plans	(1,374)	(131)
Share of other comprehensive income of investments accounted for using the equity method	(16,031)	(503)
Income tax relating to items not reclassified	(9,247)	(4,393)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	72,176	(33,923)
Cash flow hedges	3,275	(7,103)
Share of other comprehensive income of investments accounted for using the equity method	(40,096)	(80,370)
Income tax relating to items that may be reclassified	(887)	1,550
Total other comprehensive income	105,574	(103,405)
Comprehensive Income for the Period	¥ 172,237	¥ 31,479
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 160,312	¥ 30,648
Non-controlling interests	11,925	831

(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, 2019	¥ 341,482	¥ 387,335	¥ 3,078,655	¥ 463,270	¥ (7,576)	¥ 4,263,166	¥ 267,142	¥ 4,530,308
Cumulative effect of changes in accounting policies			(5,306)			(5,306)		(5,306)
Balance as at April 1, 2019 after changes in accounting policies	341,482	387,335	3,073,349	463,270	(7,576)	4,257,860	267,142	4,525,002
Profit for the period			125,036			125,036	9,848	134,884
Other comprehensive income for the period				(94,388)		(94,388)	(9,017)	(103,405)
Comprehensive income for the period			125,036	(94,388)		30,648	831	31,479
Transaction with owners:								
Dividends paid to the owners of the parent			(69,524)			(69,524)		(69,524)
Dividends paid to non-controlling interest shareholders							(4,482)	(4,482)
Acquisition of treasury stock					(3)	(3)		(3)
Equity transactions with non-controlling interest shareholders		15,499		(538)		14,961	1,567	16,528
Transfer to retained earnings			844	(844)		-		-
Balance as at June 30, 2019	¥ 341,482	¥ 402,834	¥ 3,129,705	¥ 367,500	¥ (7,579)	¥ 4,233,942	¥ 265,058	¥ 4,499,000

(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, 2020	¥ 341,776	¥ 402,652	¥ 3,362,297	¥ (223,910)	¥ (65,138)	¥ 3,817,677	¥ 243,255	¥ 4,060,932
Profit for the period			62,557			62,557	4,106	66,663
Other comprehensive income for the period				97,755		97,755	7,819	105,574
Comprehensive income for the period			62,557	97,755		160,312	11,925	172,237
Transaction with owners:								
Dividends paid to the owners of the parent			(68,301)			(68,301)		(68,301)
Dividends paid to non-controlling interest shareholders							(1,129)	(1,129)
Acquisition of treasury stock					(39,067)	(39,067)		(39,067)
Sales of treasury stock		(16)	(23)		39	0		0
Cancellation of treasury stock			(46,722)		46,722	-		-
Equity transactions with non-controlling interest shareholders		106		0		106	(589)	(483)
Transfer to retained earnings			722	(722)		-		-
Balance as at June 30, 2020	¥ 341,776	¥ 402,742	¥ 3,310,530	¥ (126,877)	¥ (57,444)	¥ 3,870,727	¥ 253,462	¥ 4,124,189

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	Three-month period ended June 30, 2020	Three-month period ended June 30, 2019
Operating Activities:		
Profit for the period	¥ 66,663	¥ 134,884
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	63,018	60,537
Change in retirement benefit liabilities	(398)	367
Loss allowance	7,953	3,625
(Gain) loss on securities and other investments—net	(8,427)	(6,310)
Impairment (reversal) loss of fixed assets—net	305	1,695
(Gain) loss on disposal or sales of fixed assets—net	97	(1,366)
Interest Income, dividend income and interest expense	(12,835)	(10,860)
Income taxes	35,327	37,519
Share of (profit) loss of investments accounted for using the equity method	(34,003)	(78,473)
Valuation (gain) loss related to contingent considerations and others	(3,656)	(2,809)
Changes in operating assets and liabilities:		
Change in trade and other receivables	225,662	50,966
Change in inventories	24,209	(49,495)
Change in trade and other payables	(123,169)	(76,767)
Other—net	(89,302)	47,279
Interest received	14,923	11,064
Interest paid	(17,451)	(25,385)
Dividends received	49,339	75,747
Income taxes paid	(34,215)	(44,339)
Cash flows from operating activities	164,040	127,879
Investing Activities:		
Net change in time deposits	(677)	(5,701)
Net change in investments in equity accounted investees	(2,211)	(23,353)
Net change in other investments	(148)	(6,282)
Net change in loan receivables	7,966	(10,446)
Net change in property, plant and equipment	(78,831)	(60,826)
Net change in investment property	(34,637)	(3,895)
Cash flows from investing activities	(108,538)	(110,503)
Financing Activities:		
Net change in short-term debt	2,601	131,543
Net change in long-term debt	32,572	(31,626)
Repayments of lease liabilities	(15,796)	(13,541)
Purchases and sales of treasury stock	(39,067)	(3)
Dividends paid	(68,301)	(69,524)
Transactions with non-controlling interest shareholders	(250)	5,262
Cash flows from financing activities	(88,241)	22,111
Effect of Exchange Rate Changes on Cash and Cash Equivalents	15,394	(7,932)
Change in Cash and Cash Equivalents	(17,345)	31,555
Cash and Cash Equivalents at Beginning of Period	1,058,733	956,107
Cash and Cash Equivalents at End of Period	¥ 1,041,388	¥ 987,662

“Interest income, dividend income and interest expense”, “Interest received”, “Interest paid” and “Dividends received” of Condensed Consolidated Statements of Cash Flows include not only interest income, dividend income and interest expense that are included in “Finance Income (Costs)” of Condensed Consolidated Statements of Income, but also interest income, dividend income, interest expense that are included in Revenue and Cost respectively and cash flows related with them.

(5) **Assumption for Going Concern:** None

(6) **Changes in Accounting Policies**

Significant accounting policies applied in the Condensed Consolidated Financial Statements for the period ended June 30, 2020 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 Condensed Consolidated Financial Statements from April 1, 2020.

IFRS	Title	Summaries
IFRS 3	Business Combinations (amended in October 2018)	Amendment of definition of a business

Impacts from the application of IFRS 3 "Business Combinations" amended in October 2018 on the Condensed Consolidated Financial Statements are immaterial.

(7) **Changes in Presentation**

(Condensed Consolidated Statements of Cash Flows)

“Repayments of lease liabilities”, which was included in “Net change in long-term debt” for the three-month period ended June 2019 is separately presented from the three-month period ended June 2020 in order to indicate the calculation of Core Operating Cash Flow whose formula has been altered from April 1, 2020. Condensed Consolidated Statements of Cash Flows for the three-month period ended June 2019 is reclassified to conform to this change in presentation.

As a result, the amount of ¥(45,167) million for the three-month period ended June 2019, which was presented in “Net change in long-term debt” within “Cash Flows from Financing Activities” in the Condensed Consolidated Statements of Cash Flows for the three-month period ended June 2019 has been reclassified and presented as ¥(31,626) million for “Net change in long-term debt” and as ¥(13,541) million for “Repayments of lease liabilities”.

(8) Segment Information

Three-month period ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	57,530	281,624	174,350	242,473	273,958	442,305	47,771	1,520,011	1,757	1,521,768
Gross Profit	5,447	50,266	25,647	26,736	29,933	27,797	23,203	189,029	678	189,707
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	△1,874	13,395	5,682	17,316	914	△3,769	2,321	33,985	18	34,003
Profit (Loss) for the Period Attributable to Owners of the parent	△1,263	32,182	3,451	18,510	6,329	△5,599	10,536	64,146	△1,589	62,557
Core Operating Cash Flow	1,589	41,860	36,426	12,926	15,673	3,589	12,732	124,795	△13,951	110,844
Total Assets at June 30, 2020	525,889	2,033,460	2,331,259	2,218,646	1,193,164	1,903,788	1,130,794	11,337,000	149,047	11,486,047

Three-month period ended June 30, 2019 (from April 1, 2019 to June 30, 2019) (As restated)

(Millions of Yen)

	Iron & Steel Products	Mineral & Metal Resources	Energy	Machinery & Infrastructure	Chemicals	Lifestyle	Innovation & Corporate Development	Total	Others / Adjustments and Eliminations	Consolidated Total
Revenue	58,099	277,919	178,500	173,156	403,695	504,802	36,636	1,632,807	313	1,633,120
Gross Profit	6,413	61,792	34,280	30,109	31,834	36,602	8,400	209,430	△199	209,231
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	2,927	16,279	22,146	25,820	3,497	4,487	3,461	78,617	△144	78,473
Profit for the Period Attributable to Owners of the parent	1,531	48,990	40,393	17,315	4,086	7,572	2,108	121,995	3,041	125,036
Core Operating Cash Flow	171	57,679	58,719	18,243	6,501	7,401	△2,105	146,609	△4,254	142,355
Total Assets at March 31, 2020	539,599	1,921,883	2,566,282	2,360,321	1,217,737	1,907,621	1,198,286	11,711,729	94,563	11,806,292

- Notes: 1. “Others / Adjustments and Eliminations” includes of the Corporate Staff Unit which provides financing services and operations services to the companies and affiliated companies. Total assets of “Others / Adjustments and Eliminations” at March 31, 2020 and June 30, 2020 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 services amounting to ¥ 7,142,647 million and ¥ 6,987,545 million, respectively.
2. Transfers between reportable segments are made at cost plus a markup.
3. Profit (Loss) for the Period Attributable to Owners of the parent of “Others / Adjustments and Eliminations” includes income 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, 2020 and June 30, 2020 includes elimination of receivables and payables between segments amounting to ¥ 7,048,084 million and ¥ 6,838,498 million, respectively.
5. Formerly, Core Operating Cash Flow was 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. From the three-month period ended June 30, 2020, it is calculated by additionally deducting the “Repayments of lease liabilities” as presented in the “Cash Flows from Financing Activities”. In accordance with this change, Core Operating Cash Flow for the three-month period ended June 30, 2019 has been restated.
6. In order to accelerate our multifaceted, flexible initiatives that combine various kinds of knowledge from different business domains, the business of next-generation electric power was transferred from the “Machinery & Infrastructure” segment to the “Energy” segment, in conjunction with the creation of the Energy Solutions Business Unit in “Energy” segment, from the three-month period ended June 30, 2020.

In accordance with this change, the segment information for the three-month period ended June 30, 2019 has been restated to conform to the current period presentation.

(9) The Fire Incident of Intercontinental Terminals Company LLC

On March 17, 2019 (US time) a fire began at the Deer Park tank terminal of Intercontinental Terminals Company LLC (“ITC”), a wholly owned U.S. subsidiary of Mitsui & Co., Ltd. The Deer Park tank terminal is located in the outskirts of Houston, Texas. The fire partially damaged tanks owned by ITC. ITC has resumed its operation after discussions with related authorities. Harris County Fire Marshal's Office released its final report with respect to the fire incident on December 6, 2019 (US time) and the report classified the fire as accidental, while not specifying the cause of the fire. The cause of the fire is still under investigation by other relevant authorities.

The profit and loss related to this incident recognized in the three-month period ended June 30, 2020 and 2019, and the outstanding balance of related provision as of June 30, 2020 are immaterial.

There are multiple lawsuits that have been brought against ITC in relation to this incident. These lawsuits are at the early stages and the ultimate outcome of these lawsuits is not expected to have significant impact on our consolidated financial position, operating results and cash flow.

(10) Taxation on Capital Gain in India

Earlyguard Limited (“EG”), a UK subsidiary of Mitsui & Co., Ltd., received a tax payment notice dated January 21, 2020 which requested payment of 24 billion Indian Rupees (¥37 billion) from Indian tax authority.

The taxable income of this notice is the capital gain on sales of Finsider International Company Limited (a UK company that owned 51% of Sesa Goa, an Indian iron ore company) shares held by EG in April 2007. Although EG treated the capital gain properly according to the tax laws at that time, the tax payment notice has been issued.

The company does not expect a significant impact on our consolidated financial position, operating results and cash flow at this stage.