

Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2017

Consolidated Financial Results for Q2 FYE 3/2017

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Marubeni Corporation
Consolidated Financial Statements

Consolidated Financial Statements

1. Consolidated Statements of Financial Position <Unaudited>

	<i>Millions of yen</i>		
	September 30		Variance
	2016	2015	
Assets			
Current assets:			
Cash and cash equivalents	789,588	600,840	188,748
Time deposits	2,346	5,032	(2,686)
Investment securities	10,075	10,075	0
Notes, trade accounts and loans receivable	1,142,281	1,270,284	(128,003)
Other current financial assets	182,448	219,652	(37,204)
Inventories	638,467	779,581	(141,114)
Assets held-for-sale	67,172	63,308	3,864
Other current assets	174,349	213,808	(39,459)
Total current assets	3,006,726	3,162,580	(155,854)
Non-current assets:			
Investments in associates and joint ventures	1,529,221	1,651,350	(122,129)
Other investments	315,423	348,063	(32,640)
Notes, trade accounts and loans receivable	138,332	168,733	(30,401)
Other non-current financial assets	97,470	91,434	6,036
Property, plant and equipment	1,127,084	1,201,444	(74,360)
Intangible assets	307,573	335,273	(27,700)
Deferred tax assets	83,058	94,113	(11,055)
Other non-current assets	57,361	64,696	(7,335)
Total non-current assets	3,655,522	3,955,106	(299,584)
Total assets	6,662,248	7,117,686	(455,438)

Marubeni Corporation
Consolidated Financial Statements

	<i>Millions of yen</i>		
	September 30		
	2016	2015	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	833,545	636,536	197,009
Notes and trade accounts payable	1,029,740	1,221,150	(191,410)
Other current financial liabilities	298,345	351,246	(52,901)
Income tax payable	17,415	15,473	1,942
Liabilities directly associated with assets held-for-sale	37,470	1,873	35,597
Other current liabilities	278,535	367,938	(89,403)
Total current liabilities	2,495,050	2,594,216	(99,166)
Non-current liabilities:			
Bond and borrowings	2,304,481	2,731,789	(427,308)
Notes and trade accounts payable	13,256	17,658	(4,402)
Other non-current financial liabilities	68,575	76,697	(8,122)
Accrued pension and retirement benefits	82,243	91,918	(9,675)
Deferred tax liabilities	94,106	100,617	(6,511)
Other non-current liabilities	74,045	89,589	(15,544)
Total non-current liabilities	2,636,706	3,108,268	(471,562)
Total liabilities	5,131,756	5,702,484	(570,728)
Equity:			
Issued capital	262,686	262,686	—
Capital surplus	143,548	141,504	2,044
Other equity financial instrument:	243,589	—	243,589
Treasury stock	(1,370)	(1,369)	(1)
Retained earnings	799,064	737,215	61,849
Other components of equity:			
Gains and losses on financial assets measured at fair value through other comprehensive income	39,146	43,066	(3,920)
Foreign currency translation adjustments	20,061	193,608	(173,547)
Gains and losses on cash flow hedges	(66,113)	(59,658)	(6,455)
Remeasurements of defined benefit pension plan	—	—	—
Equity attributable to owners of the parent	1,440,611	1,317,052	123,559
Non-controlling interests	89,881	98,150	(8,269)
Total equity	1,530,492	1,415,202	115,290
Total liabilities and equity	6,662,248	7,117,686	(455,438)

These financial statements are unaudited.

These financial statements are based on IFRS.

Marubeni Corporation
Consolidated Financial Statements

2. Consolidated Statements of Comprehensive Income <Unaudited>

	<i>Millions of yen</i>			
	Six-month period ended September 30,			
	2016	2015	Variance	Ratio (%)
Revenue:				
Sale of goods	3,358,935	3,765,916	(406,981)	(10.8)
Commissions on services and trading margins	94,656	109,309	(14,653)	(13.4)
Total revenue	3,453,591	3,875,225	(421,634)	(10.9)
Cost of goods sold	(3,158,819)	(3,529,116)	370,297	(10.5)
Gross trading profit	294,772	346,109	(51,337)	(14.8)
Other income (expenses) :				
Selling, general and administrative expenses	(249,412)	(271,517)	22,105	(8.1)
Gains (losses) on property, plant and equipment				
Impairment losses on non-current assets	-	(22,836)	22,836	(100.0)
Gains (losses) on sales of property, plant and equipment	2,288	4,717	(2,429)	(51.5)
Other – net	16,884	(3,718)	20,602	-
Total other income (expenses)	(230,240)	(293,354)	63,114	(21.5)
Finance income (expenses):				
Interest income	7,187	8,046	(859)	(10.7)
Interest expense	(15,216)	(16,754)	1,538	(9.2)
Dividend income	7,569	10,502	(2,933)	(27.9)
Gains (losses) on investment securities	770	8,460	(7,690)	(90.9)
Total finance income (expenses)	310	10,254	(9,944)	(97.0)
Share of profits of associates and joint ventures	50,787	54,383	(3,596)	(6.6)
Profit for the period before tax	115,629	117,392	(1,763)	(1.5)
Provision for income tax	(33,156)	(13,253)	(19,903)	150.2
Profit for the period	82,473	104,139	(21,666)	(20.8)
Profit for the period attributable to:				
Owners of the parent	80,517	101,218	(20,701)	(20.5)
Non-controlling interests	1,956	2,921	(965)	(33.0)
Total volume of trading transactions	5,337,218	6,524,221	(1,187,003)	(18.2)

These financial statements are unaudited.

These financial statements are based on IFRS.

Volume of trading transactions is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS.*

I. Expenses: (Billions of yen)

	FYE3/2017 Q1-Q2		FYE3/2016 Q1-Q2		Variance
Selling, general and administrative expenses	-	247.3	-	266.6	19.3
(Personnel expenses)	(-	134.9)	(-	143.4)	(8.5)
(Travel and Transportation expenses)	(-	8.4)	(-	9.4)	(1.1)
(Service commissions)	(-	7.1)	(-	12.0)	(4.9)
(Depreciation expenses)	(-	18.2)	(-	16.4)	(- 1.8)
Provision for doubtful accounts	-	2.1	-	4.9	2.8
Total	-	249.4	-	271.5	22.1

II. Gains (losses) on property, plant and equipment: (Billions of yen)

	FYE3/2017 Q1-Q2		FYE3/2016 Q1-Q2		Variance
Losses on fair value of property, plant and equipment	-	-	-	22.8	22.8
Gains (losses) on sales of property, plant and equipment	2.3	-	4.7	-	2.4
Total	2.3	-	18.1	-	20.4

III. Other Gains and Losses: (Billions of yen)

	FYE3/2017 Q1-Q2		FYE3/2016 Q1-Q2		Variance
Foreign currency translation gain or loss	10.2	-	22.8	-	33.0
Loss on liquidation of associates	-	0.2	-	15.2	15.0
Others	6.9	-	34.3	-	27.4
Total	16.9	-	3.7	-	20.6

IV. Finance Income (Expenses): (Billions of yen)

	FYE3/2017 Q1-Q2		FYE3/2016 Q1-Q2		Variance
Interest income	7.2	-	8.0	-	0.9
Interest expense	-	15.2	-	16.8	1.5
(Interest - net)	(-	8.0)	(-	8.7)	0.7
Dividend income	7.6	-	10.5	-	2.9
Gains (losses) on investment securities	0.8	-	8.5	-	7.7
(Gains and losses on sale of investment securities)	(1.3)	-	8.8)	-	7.5
(Gains and losses on valuation of investment securities)	(-	0.5)	(-	0.3)	0.2
Total	0.3	-	10.3	-	9.9

V. Influence of newly included companies / excluded companies on Consolidated P/L (compared with FYE3/2016 Q1-Q2 actual)

	Newly included		Excluded		Net
Total volume of trading transactions	21.8	-	74.9	-	53.1
Gross trading profit	7.0	-	14.5	-	7.5
SGA expenses (excl. doubtful accounts)	-	5.8	12.0	-	6.2
Operating profit	1.2	-	2.3	-	1.2
Interest expense-net	-	0.1	0.9	-	0.8
Dividend income	0.0	-	0.0	-	0.0
Share of profits of associates and joint ventures	0.1	-	0.0	-	0.2

3. Consolidated Statements of Cash Flows <Unaudited>

	<i>Millions of yen</i>	
	Six-month period ended September 30,	
	2016	
Operating activities		
Profit for the period	82,473	
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:		
Depreciation and amortisation	57,178	
(Gains) losses on property, plant and equipment	(2,288)	
Finance (income) expenses	(310)	
Share of profits of associates and joint ventures	(50,787)	
Income taxes	33,156	
Changes in notes accounts receivable	48,924	
Changes in inventories	92,620	
Changes in notes and trade accounts payable	(114,603)	
Other-net	(85,690)	
Interest received	6,134	
Interest paid	(15,412)	
Dividends received	40,888	
Income taxes paid	(8,872)	
		Operating activities provided net cash of 83.4 billion yen, mainly from overseas subsidiaries' operating revenues.
		Note) Dividend income from associated companies: 32.4 billion yen (43.3 billion yen for the year-earlier period)
Net cash provided by operating activities	83,411	
Investing activities		
Net (increase) decrease in time deposits	2,386	
Proceeds from sale of property, plant and equipment	6,135	
Proceeds from sale of investment property	450	
Collection of loans receivable	9,275	
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	653	
Proceeds from sale of investments in associates and joint ventures, and other investments	64,043	
		Cash inflow of 64.0 billion yen is due mainly to gain on sale of shares related to a railcar leasing business in North America.
Purchase of property, plant and equipment	(70,584)	
		A disbursement of 70.6 billion yen is due mainly to capital expenditure in overseas businesses.
Purchase of investment property	(54)	
Loans provided to customers	(32,080)	
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(3,529)	
Purchase of investments in associates and joint ventures, and other investments	(41,279)	
		A disbursement of 41.3 billion yen is due mainly to investment in natural gas fired power generation business in the U.S.A.
Net cash used in investing activities	(64,584)	
Financing activities		
Net increase (decrease) in short-term borrowings	159,830	
Proceeds from long-term bonds and borrowings	35,632	
Repayments of long-term bonds and borrowings	(227,775)	
Dividends paid to owners of the parent	(18,223)	
Net cash outflows on purchases and sales of treasury stock	(3)	
Capital contribution from non-controlling interests	110	
Proceeds from issuance of other equity financial instruments	243,589	
Other	(3,572)	
Net provided by financing activities	189,588	
Effect of exchange rate changes on cash and cash equivalents	(19,667)	
Net increase (decrease) in cash and cash equivalents	188,748	
Cash and cash equivalents at beginning of period	600,840	
Cash and cash equivalents at end of period	789,588	

4. Balance of Risk Exposure Outstanding in 17 Countries as of September 30, 2016

Balance of Risk Exposure Outstanding (Long-term credit exposure, Fixed assets, Investment)

billions of yen

	Long-term credit exposure	Fixed assets	Investment	Gross Risk Exposure		Net Risk Exposure	
					+/- from March 2016		+/- from March 2016
P.R.China	2.7	7.4	62.7	72.8	-13.7	71.1	-13.3
Taiwan	2.2	0.0	56.8	59.1	-2.6	59.1	-2.6
Indonesia	21.7	48.9	50.3	120.9	-8.2	92.9	-9.3
Thailand	1.5	4.3	5.8	11.5	-2.2	11.5	-2.2
Philippines	10.2	1.5	72.6	84.3	-9.1	84.3	-9.1
UAE	11.6	0.0	25.0	36.6	-3.8	36.6	-3.8
Oman	4.0	0.0	8.9	12.9	-4.2	4.6	-0.5
Qatar	3.5	1.1	51.4	56.0	-13.6	53.0	-13.6
Saudi Arabia	25.7	0.0	8.8	34.4	-0.8	28.8	8.0
Portugal	1.4	0.0	53.8	55.2	-11.2	55.2	-11.2
Jamaica	0.2	0.0	22.7	22.9	-2.1	1.3	0.1
Trinidad and Tobago	2.9	0.0	9.3	12.3	-1.4	12.3	-1.4
Russia	4.6	0.0	6.3	10.8	3.0	10.8	3.0
Chile	88.4	0.9	206.4	295.7	-33.7	295.7	-33.7
Brazil	20.0	8.7	7.0	35.7	3.6	35.7	3.6
Peru	0.0	1.3	14.8	16.2	-1.5	16.2	-1.5
Papua New Guinea	2.6	0.0	27.8	30.4	-3.8	4.4	-0.1
17 Countries Total	208.7	74.2	690.4	967.7	-105.2	873.5	-87.4

- Focused Countries with over 10 billion yen "Gross Risk Exposure" are shown above.
- Long-term credit exposure includes loan receivables, guarantees, deferred payments etc.
- Net Risk Exposure is Gross Risk Exposure minus the amount secured by insurance.

5. Transition of Consolidated Financial Results / Stock Prices, Foreign Exchange & Interest Rates

Consolidated Financial Results

(Unit : Billions of yen)

Operating Results	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017 Q1-Q2
	US GAAP					IFRS			
Total volume of trading transactions	10,462.1	7,965.1	9,020.5	10,584.4	10,509.1	13,633.5	13,925.3	12,208.0	5,337.2
Gross trading profit	644.8	491.7	522.2	541.5	528.2	651.1	707.3	670.1	294.8
Selling, general and administrative expenses	-408.9	-366.9	-371.0	-383.0	-403.4	-490.8	-540.5	-553.3	-247.3
Provision for doubtful accounts	-1.8	-5.8	-5.4	-1.2	-1.9	-2.8	-6.2	-12.5	-2.1
Operating profit	234.1	118.9	145.8	157.3	122.9	157.5	160.7	104.2	45.4
Interest expense, net of interest income	-40.6	-22.8	-18.1	-17.8	-15.9	-22.1	-24.6	-19.0	-8.0
Dividend income	27.7	23.6	19.2	27.4	30.1	34.9	35.0	18.6	7.6
Gain (loss) on investment securities	-22.8	11.2	11.6	13.8	28.9	14.1	0.7	74.3	0.8
Gain (loss) on property, plant and equipment	-13.6	-10.8	-6.9	-7.7	-28.6	-41.5	-144.9	-103.3	2.3
Other income (expenses)	-5.8	17.5	-15.8	6.6	22.3	-5.9	7.8	-16.0	16.9
Share of profits of associates and joint ventures	22.0	28.9	71.5	81.5	87.8	99.4	89.9	31.8	50.8
Profit before tax	200.9	166.4	207.2	261.0	247.5	236.4	124.6	90.6	115.6
Tax expense	-80.9	-65.8	-64.5	-83.9	-38.6	-23.1	-11.9	-23.0	-33.2
Profit for the Period	120.0	100.6	142.7	177.0	209.0	213.3	112.7	67.5	82.5
Profit attributable to owners of the parent	111.2	95.3	136.5	172.1	205.7	210.9	105.6	62.3	80.5
Profit attributable to non-controlling interests	8.8	5.3	6.1	4.9	3.3	2.3	7.1	5.3	2.0

Financial Position	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017 Q1-Q2
	US GAAP					IFRS			
Total assets	4,707.3	4,586.6	4,679.1	5,129.9	5,965.1	7,256.1	7,673.1	7,117.7	6,662.2
Current assets	2,328.8	2,241.1	2,397.8	2,643.9	3,062.7	3,311.0	3,260.7	3,162.6	3,006.7
Non-current assets	2,378.6	2,345.4	2,281.3	2,486.0	2,902.4	3,945.1	4,412.4	3,955.1	3,655.5
Interest-bearing debt	2,533.8	2,300.1	2,256.8	2,483.0	2,737.0	3,182.4	3,369.0	3,368.3	3,138.0
Cash and cash equivalents	622.2	593.7	641.2	727.3	951.7	691.3	481.4	605.9	791.9
Net interest-bearing debt-net	1,911.6	1,706.4	1,615.6	1,755.7	1,785.2	2,491.0	2,887.6	2,762.5	2,346.1
Total equity	623.4	799.7	831.7	915.8	1,188.4	1,531.2	1,678.7	1,415.2	1,530.5
Non-controlling interests	56.2	54.4	58.1	63.6	56.5	147.9	160.2	98.2	89.9
Equity attributable to owners of the parent	567.1	745.3	773.6	852.2	1,131.8	1,383.4	1,518.5	1,317.1	1,440.6
Issued capital	262.7	262.7	262.7	262.7	262.7	262.7	262.7	262.7	262.7
Capital surplus	158.5	158.4	157.9	158.2	154.6	154.1	148.2	141.5	143.5
Other equity financial instruments	-	-	-	-	-	-	-	-	243.6
Treasury stock	-0.7	-0.6	-0.7	-0.8	-0.9	-1.3	-1.4	-1.4	-1.4
Retained earnings	510.5	594.5	712.8	856.3	1,023.8	700.0	728.1	737.2	799.1
Other components of equity	-363.8	-269.7	-359.1	-424.3	-308.4	268.0	380.8	177.0	-6.9
Gains and losses on financial assets measured at fair value through other comprehensive income	6.8	33.8	21.0	19.5	14.6	120.7	108.3	43.1	39.1
Foreign currency translation adjustments	-242.3	-204.5	-273.0	-307.6	-188.7	181.7	327.8	193.6	20.1
Gains and losses on cash flow hedges	-66.0	-42.9	-46.2	-71.3	-65.6	-34.5	-55.2	-59.7	-66.1
Remeasurements of defined benefit pension plan	-62.2	-56.1	-60.9	-64.8	-68.7	-	-	-	-

Financial Indicators

	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017 Q1-Q2
	US GAAP					IFRS			
ROA	2.24%	2.05%	2.95%	3.51%	3.71%	3.15%	1.41%	0.84%	-
ROE	16.51%	14.52%	17.98%	21.17%	20.74%	16.67%	7.28%	4.39%	-
Net D/E Ratio (times) *1	3.07	2.13	1.94	1.92	1.50	1.63	1.72	1.95	1.53
Shareholders' Equity Ratio *2	12.0%	16.2%	16.5%	16.6%	19.0%	19.1%	19.8%	18.5%	18.0%
Current Ratio	134.2%	139.7%	138.1%	143.8%	136.5%	125.0%	119.4%	121.9%	120.5%

Consolidated group companies	440	428	425	430	442	453	452	448	443
Subsidiaries	279	272	262	272	291	303	303	299	295
Associated companies	161	156	163	158	151	150	149	149	148
Number of profit-making companies	327	312	330	342	351	355	337	354	341
Profit-making company ratio	74.3%	72.9%	77.6%	79.5%	79.4%	78.4%	74.6%	79.0%	77.0%
Profit amount (JPY bn)	198.7	151.2	180.7	221.0	228.2	268.4	256.7	260.1	130.1
Number of loss-making companies	113	116	95	88	91	98	115	94	102
Loss-making company ratio	25.7%	27.1%	22.4%	20.5%	20.6%	21.6%	25.4%	21.0%	23.0%
Deficit amount (JPY bn)	-56.1	-40.8	-14.6	-30.2	-48.5	-67.2	-146.5	-218.8	-32.6

(note) *1 Net D/E ratio = Net interest-bearing debt / Total equity

*2 Shareholders' Equity = Total Equity - Non-controlling Interests - Perpetual Subordinated Loan Related Items

Stock Prices, Foreign Exchange & Interest Rates

	FYE 3/2009	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2013	FYE 3/2014	FYE 3/2015	FYE 3/2016	FYE 3/2017 Q1-Q2
Nikkei Stock Average (Term-end) (yen)	8,109.53	11,089.94	9,755.10	10,083.56	12,397.91	14,827.83	19,206.99	16,758.67	16,449.84
Exchange Rates (¥/\$)									
Term-end rate for March-closing companies	98.23	93.04	83.15	82.19	94.05	102.92	120.17	112.68	101.12
Average rate for March-closing companies	100.54	92.85	85.71	79.07	83.10	100.24	109.93	120.14	105.29
Term-end rate for December-closing companies	91.03	92.10	81.49	77.74	86.58	-	-	-	-
Average rate for December-closing companies	103.46	93.57	87.80	79.83	79.82	-	-	-	-
Interest Rates (Average)									
JPY TIBOR	0.82%	0.53%	0.36%	0.34%	0.32%	0.23%	0.20%	0.16%	0.07%
USD LIBOR (Jan.-Dec.)	2.93%	0.69%	0.34%	0.34%	0.43%	-	-	-	-
USD LIBOR (Apr.-Mar.)	-	-	-	0.39%	0.37%	0.25%	0.24%	0.41%	0.72%